

Winner on EUR 100bn Green Deal

Under the Green Deal, EU will mobilize at least EUR 100bn during 2021-27 to reach its zero net emissions goal by 2050. Auga stands to benefit from the Farm to Fork strategy which is an integral part of the Green Deal.

Farm to Fork Strategy

The Farm to Fork Strategy's aim is to make food systems sustainable. In addition to financial support, new regulations will level the playing field between organic and conventional players making organic production and processing competitive.

Auga's vision aligned with sustainability

Auga's vision to become "A synonym for sustainable food" is in harmony with EU's Farm to Fork Strategy. Auga has already started initiatives (e.g. biogas, feed technology, crop rotation) to reach its goal to be CO2 neutral by 2030.

Agriculture and Food sector in focus

Following infrastructure support programs, EU focus is now on sustainability and the food sector is under scrutiny as it accounts for nearly one third of global GHG emissions. We believe the drive for sustainable food benefits Auga who is already a global frontrunner in organic foods. Our Base case DCF valuation indicates EUR 0.69 per share. Our Bull case is significantly higher, but it assumes perfect conditions and strategy execution.

Key figures (MEUR)

	2018	2019	2020E	2021E	2022E
Net sales	54.8	71.1	85.2	99.3	112.8
Net sales growth	12.2%	29.9%	19.8%	16.6%	13.6%
EBITDA	3.6	17.1	25.3	29.3	33.8
EBITDA margin	6.6%	24.1%	29.7%	29.5%	30.0%
EBIT	-3.9	1.0	9.3	12.8	16.6
EBIT margin	-9.4%	1.4%	11.0%	12.9%	14.7%
EV/Sales	2.6	2.5	2.2	1.8	1.5
EV/EBITDA	40.0	10.2	7.2	6.2	5.2
EV/EBIT	-37.5	172.7	19.7	14.2	10.5
P/E	-12.7	-25.9	28.7	14.3	8.9
P/BV	1.0	0.9	1.0	0.9	0.8
EPS	-0.03	-0.01	0.01	0.03	0.04
EPS growth	nm	nm	nm	100.87%	60.32%
Div. per share	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Company data, Enlight Research estimates

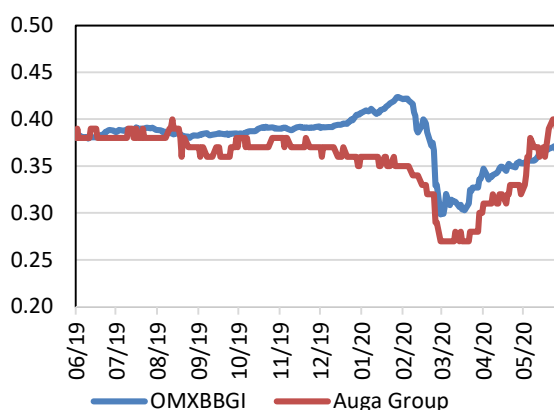
Fair value range

Bull	1.17
Base	0.69
Bear	0.36

Key Data

Price (EUR)	0.39
Ticker	AUG1L
Country	Lithuania
Listed	Vilnius (Lithuania)

Market Cap	88.69
Net debt (incl. IFRS 16)	94.43
Net debt (excl. IFRS 16)	49.20
Shares (m)	227
Free float	45.00 %



Price range

52-week high	0.40
52-week low	0.27

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Market leading vision

A synonym for Sustainable Food

In 2015, when organic food was for a few “fanatics”, Auga’s new main owner, Mr. Juscus, had a vision to build Europe’s biggest organic farming company. Consequently, a strategic decision was made to transition from conventional to organic farming. In 2017, the vision was fulfilled – Auga had become Europe’s largest organic farm with over 90% of its land certified* as organic. Today, the company is striving for Mr. Juscus’ enhanced vision, to become, **“A synonym for Sustainable Food and Lifestyle”**. If successful, Auga could become Europe’s largest sustainable food producer and one of the leading food processors. This implies both vertical and horizontal integration.

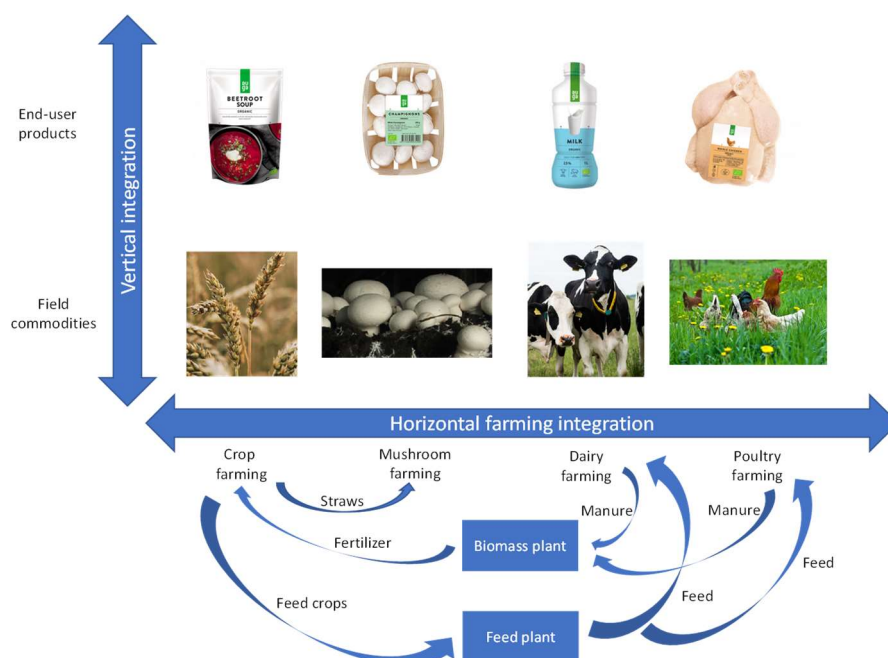
Vertical integration from commodity to consumer products

The vision means Auga will continue its vertical integration into food processing to make end-user consumer goods. If successful, the margins could expand resulting in less vulnerability to fluctuations in commodity prices. The fully controlled supply chain from field to shelf is a crucial aspect for sustainable food products, as clients demand traceability of ingredients.

Horizontal integration from organic to sustainable

There is a difference between organic and sustainable food. Organic food is not sustainable if it does not minimize the negative impact on the environment e.g. CO₂ emissions, land degradation, and price to consumers (while still being profitable for producers/processors). To achieve sustainability, food producers need to maximize e.g. crop yields, animal welfare, and re-use of organic waste. The re-use of organic waste entails the closed-loop farming model where e.g. mushroom compost is made from crop straws and cow manure; organic crop fertilizers are made from mushroom compost and cow manure; and tractor biofuel is made from cow manure by the biomass plant.

Integration to fulfil sustainable food vision



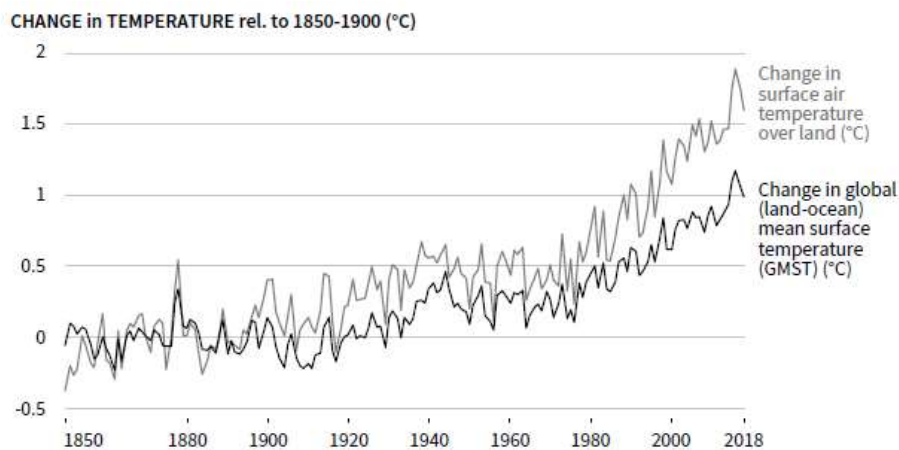
Source: Enlight Research

*Land certified as organic by Ekoagros (the public certification institution under Minister of Agriculture of Lithuania)

Environmental challenges influencing consumers

Global warming

According to the United Nations, the surface air temperature has increased by about 1.5 degrees Celsius since 1850. According to NASA, the Carbon dioxide levels in the air is at a 650K year high. In our view, it does not matter if the global warming is due to human actions or natural variations as the challenges created from it are the same. Examples of food related challenges created by global warming are increase in drought (wildfires), more frequent food price spikes, and more frequent food supply disruptions.



Source: UN 2019 report "Climate Change and Land"

NASA global warming observations

Carbon dioxide levels in the air at 650 000 year high
Nineteen of the 20 warmest years on record have occurred since 2001
In 2012, Arctic summer sea ice shrank to the lowest extent on record
The global average sea level has risen nearly 178mm over the past 100 years

Source: climate.nasa.gov

Global land degradation

According to the United Nations, between the years 1961 to 1970, the world population living in areas experiencing desertification increased by about 150%, while the inland wetlands decreased by about 25%. Drylands are especially vulnerable to desertification. According to UN, 44% of all cultivated land and 30% of all cultivated plants come from drylands. Consequently, the importance to stop desertification and land degradation in drylands is crucial for the world's food supply. Note that the food commodity market is a global market i.e. developments in drylands affects people in wetlands and vice versa. For example, 80% of animal feed for European livestock is imported from developing countries, according to IFOAM.

Desertification

The process by which fertile land becomes desert, typically because of drought, deforestation, or inappropriate agriculture (dictionary.com)

Wetland

Wetlands are areas where water covers the soil or is present either at or near the surface of the soil all year or for varying periods of time during the year, including during the growing season (EPA)

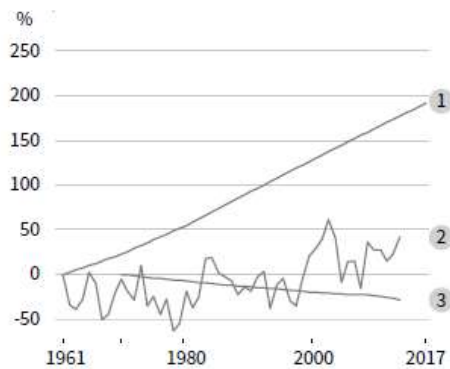
Dryland

Drylands are defined by a scarcity of water. Drylands are zones where precipitation is balanced by evaporation from surfaces and by transpiration by plants (Wikipedia).

Global land degradation

CHANGE in % rel. to 1961 and 1970

- ① Population in areas experiencing desertification
- ② Dryland areas in drought annually
- ③ Inland wetland extent



Source: UN 2019 report "Climate Change and Land"

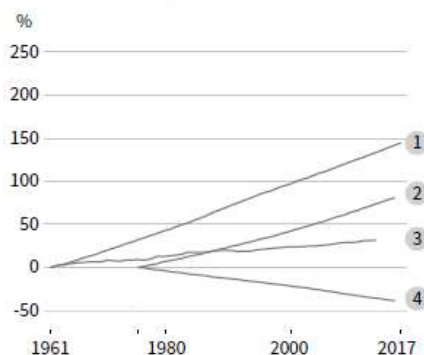
Global food consumption

According to the United Nations, between the years 1961 to 1975, the world population grew almost 150% and the total calories consumed per capita grew by almost 100%. So far, the increased food demand has been satisfied by increased yields, mainly using inorganic fertilizers (since 1961, the use of inorganic fertilizers has increased by almost 800%). Given the detrimental effect of fertilizers on the environment, there is a need to satisfy increased food consumption with alternative methods.

Food demand

CHANGE in % rel. to 1961 and 1975

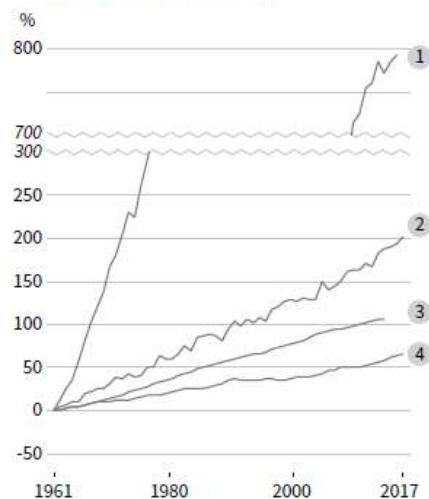
- ① Population
- ② Prevalence of overweight + obese
- ③ Total calories per capita
- ④ Prevalence of underweight



Agricultural production

CHANGE in % rel. to 1961

- ① Inorganic N fertiliser use
- ② Cereal yields
- ③ Irrigation water volume
- ④ Total number of ruminant livestock



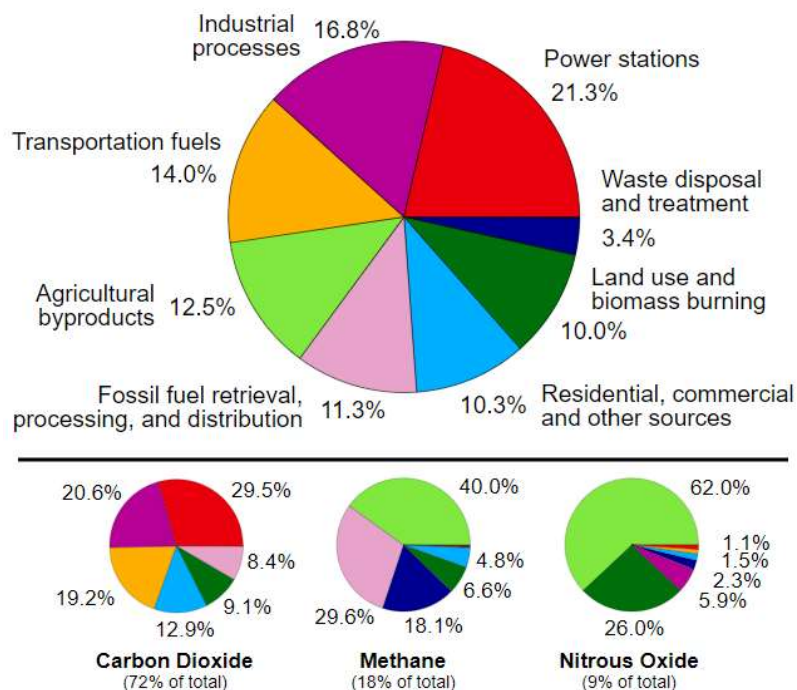
Source: UN 2019 report "Climate Change and Land"

Agriculture's role in the environment

Agriculture accounts for significant part of Greenhouse Gases (GHG)

The agriculture sector has not been consumers' primary focus when it comes environmental issues. However, we believe this will change as people become more aware of the agriculture sector's impact on the environment. According to the 2019 United Nations report, "Climate Change and Land", agriculture, deforestation, and land conversion accounts for 23% of global Greenhouse Gas emissions caused by human activity. The agriculture sector alone, accounts for 12% of annual GHG emissions according to the Emissions Database for Global Atmospheric Research. Furthermore, the agriculture sector is the biggest contributor of the second and third most important GHG gases, Methane and Nitrous Oxide, with a share of 41% and 63%, respectively. The main reason for the high Methane emissions is enteric fermentation, which refers to the digestive process in livestock resulting in methane as a by-product (animals burp out the methane while digesting). The main reason for the high Nitrous Oxide emissions is commercial fertilizers.

Annual Greenhouse Gas Emissions by Sector



Source: Emissions Database for Global Atmospheric Research (global annual greenhouse gas emissions in the year 2000)

Greenhouse Gas (GHG)

Gases such as carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), which affect outgoing radiation, leading to global warming.

CO₂

CO₂ or Carbon dioxide is composed of one carbon and two oxygen atoms. CO₂ is the most important GHG in terms of human-driven climate change. CO₂ emissions stays in the atmosphere for a long time meaning they are cumulative i.e. new emissions are added on top of those that

were previously emitted, leading to increases in the total atmospheric stock of CO₂. (ScienceDaily, foodsource.org.uk)

CH₄

CH₄ or Methane is composed of one carbon and four hydrogen atoms, hence its formula CH₄. Methane is an important GHG, second only to CO₂ in terms of its overall contribution to human-driven climate change. Methane emissions break down rapidly i.e. they do not act cumulatively. For example, a constant number of cattle means the methane in the atmosphere stays at the same level. (foodsource.org.uk).

N₂O

N₂O or Nitrous oxide is composed of two nitrogen and one oxygen atoms. N₂O is the third most important GHG. N₂O stays in the atmosphere for more than 100 years on average. (epa.gov)

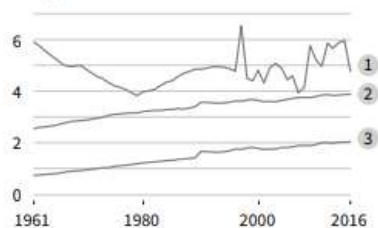
Global Greenhouse Gas emissions

An estimated 23% of total anthropogenic greenhouse gas emissions (2007-2016) derive from Agriculture, Forestry and Other Land Use (AFOLU).

CHANGE in emissions rel. to 1961

- ① Net CO₂ emissions from FOLU (Gt CO₂/yr)
- ② CH₄ emissions from Agriculture (Gt CO₂eq/yr)
- ③ N₂O emissions from Agriculture (Gt CO₂eq/yr)

Gt CO₂eq/yr



Source: UN 2019 report "Climate Change and Land"

EU ready to change the Agri & Food industry

In December 2019, EU presented The European Green Deal, which is a roadmap for making EU's economy sustainable. One of the goals is zero net emissions of GHG by 2050. EU has allocated EUR 100bn in financial support between 2021-27 to help people, businesses, and regions reach sustainability. In May 2020, EU presented the "Farm to Fork" strategy, which is an integral part of the Green Deal. The aim of the "Farm to Fork" strategy is to make food systems fair, healthy, and environmentally friendly.

"Food systems cannot be resilient to crises such as the Covid-19 pandemic if they are not sustainable. We need to redesign our food systems which today account for nearly one-third of global GHG emissions, consume large amounts of natural resources, result in biodiversity loss and negative health impacts (due to both under- and over-nutrition) and do not allow fair economic returns and livelihoods for all actors, in particular for primary producers."

Putting our food systems on a sustainable path also brings new opportunities for operators in the food value chain. New technologies and scientific discoveries, combined with increasing public awareness and demand for sustainable food, will benefit all stakeholders".

EU Farm to Fork Strategy

In our view, the Farm to Fork Strategy will significantly level the playing field between organic and conventional food producers/processors – not only through the EUR 100bn support program, but also through regulation that it will make conventional farming more expensive. For example, the goal to reduce the use of chemical and hazardous pesticides by 50% by 2030 will change the cost structure of conventional farming. Another example that will favour organic farmers is the goal to ensure at least 25% of all EU agricultural land is devoted to organic farming by 2030 (currently around 8% according to IFOAM EU, Organic in Europe).

EU Farm to Fork Strategy



Source: EU

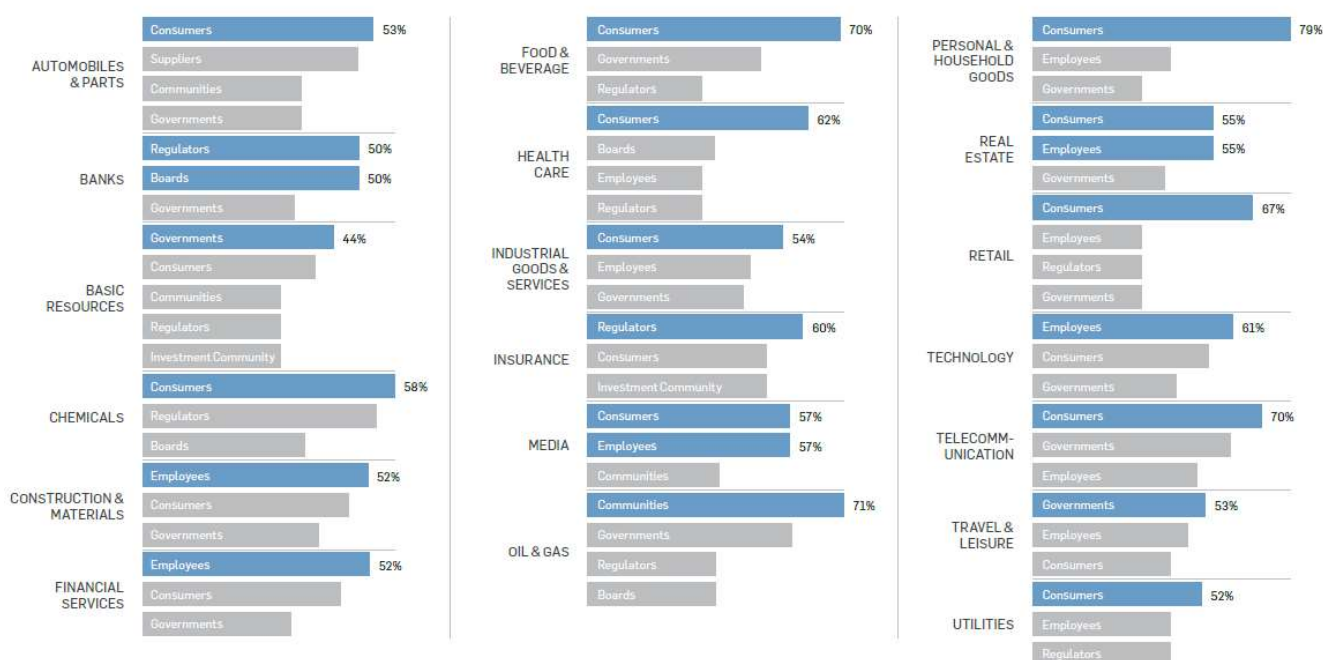
Consumers ready to change the Agri & Food industry

Consumers is the most influential stakeholder

We believe consumers' increased awareness of what needs to be done to mitigate the negative effects of global warming, global food demand increase, and global land degradation will change the way corporations operate. This is especially true of the Food & Beverage industry where consumers are the most powerful stakeholder. According to the 2019 United Nations and Accenture report, "The Decade to Deliver", where over 1,000 top executives from the leading companies in the world participated, 70% of the Food industry executives believed the consumer will be the most important stakeholder for sustainability. This is much higher compared to for example the Banking industry, where Regulators topped the list of stakeholders that would drive sustainability. Out of the nineteen industries in the survey, fourteen were topped by consumers or employees as the stakeholder that would drive sustainability. We believe this means supervisory boards, executives and shareholders must adopt sustainable strategies to keep their products attractive for clients and to keep their corporations attractive for employees.

Accenture Strategy survey from 2019

Over the next 5 years, which stakeholder groups do you believe will have the greatest impact on the way you manage sustainability?



Source: United Nations and Accenture report, "The Decade to Deliver"

COVID-19 impact on climate issues

In our view, there might even be a stronger push for climate issues following COVID-19, as people have come to the realization that "bad things" can and do happen to our world. On 5 April 2020, global investor groups (including BlackRock), managing trillions of dollars in assets, called for rich nations to ensure their COVID-19 recovery plans are sustainable. On May 16, 2020, more than 330 corporations with a combined market value of over USD 11 trillion and more than 3 million employees, including Microsoft and Visa, called for Congress to infuse resilient climate solutions in the COVID-19 recovery plan. We believe consumers will continue to demand that corporations focus on the environment.

Auga's targets aligned with Consumers and EU

Targets quantified

To achieve its vision to become a sustainable food producer/processor, Auga has set targets that are well-aligned with both consumers' and EU's demand for a better environment. The main targets or milestones are (1) 27% reduction in greenhouse gas emissions by 2025, and (2) CO₂ neutral by 2030. These are ambitious targets. As comparison, the Lithuanian Ministry of Environment has set a target for the Lithuanian agriculture sector to reduce emissions by 9% by 2030.

Targets for 2025

Target	How?	2019 actual emission	2025 emission target
40% reduction in total fossil fuel emissions by 2025	Convert waste from dairy and poultry farming into biogas that fuels agricultural machinery Optimize crop rotation to lower fuel consumption	20 993 CO ₂ eq.	12 596 CO ₂ eq.
33% reduction in rumen fermentation emissions by 2025	Use innovative technologies to develop animal feed that result in lower ruminant emissions (enteric fermentation)	16 347 CO ₂ eq.	10 952 CO ₂ eq.
20% reduction in crop growing emissions by 2025	Optimize crop rotation and increase proportion of plants with carbon sequestration and nitrogen fixation properties (plants that capture and binds emissions from the atmosphere)	29 276 CO ₂ eq.	23 421 CO ₂ eq.

Source: Company Strategy Paper, Company ESG report

CO₂ equivalent (CO₂ eq.)

A carbon dioxide equivalent or CO₂ equivalent, abbreviated as CO₂-eq is a metric measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential (GWP), by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential.

Carbon dioxide equivalents are commonly expressed as million metric tons of carbon dioxide equivalents, abbreviated as MMTCDE.

The carbon dioxide equivalent for a gas is derived by multiplying the tons of the gas by the associated GWP:

$MMTCDE = (\text{million metric tons of a gas}) * (\text{GWP of the gas})$.

For example, the GWP for methane is 25 and for nitrous oxide 298. This means that emissions of 1 million metric tons of methane and nitrous oxide respectively is equivalent to emissions of 25 and 298 million metric tons of carbon dioxide.

Source: Eurostat

Targets measured

Targets are of little importance without proper measurement. Therefore, all Auga's Greenhouse Gas data has been audited by one of the world's leading auditors for CO₂ reporting, Carbon Footprint Ltd. The audit ensures that all Auga's Greenhouse gas (GHG) data and calculations are based on a recognized international methodology.

Initiatives to reach Targets

There are many initiatives/projects that needs to be successful for the company to reach its targets and fulfill its vision. We highlight some of the most important ones below. Note that all the initiatives address a goal in EU's Farm to Fork Strategy and that Auga announced their initiatives before the Farm to Fork Strategy was presented.

Biogas technology project (Farm to Fork goal: renewable energy)

The Biogas technology project aims to extract biogas from cow manure (droppings) to run biogas tractors expected to become available sometime in 2020. The by-product from the biogas production can be used as an organic fertilizer low in N₂O. According to the tractor manufacturer, New Holland, the running costs of their upcoming biogas tractor is up to 30% lower compared to a diesel tractor, with same performance i.e. going environmentally friendly is profitable.

Feed technology project (Farm to Fork goal: sustainable livestock farming)

The Feed technology project aims to improve feed quality to achieve higher animal productivity which has an inverse relationship to methane emissions. The company has developed a proprietary innovative feed system that reduces methane emissions. Between 2-12% of a ruminant's energy intake is typically lost as methane (FAO). Minimizing this percentage can make a substantial difference in terms of methane emissions. Like the Biogas project, the Feed project is also a "win-win" in the sense that lower emissions are a result of higher livestock productivity, which should increase profitability.

Crop rotation project (Farm to Fork goal: carbon sequestration)

The crop rotation project aims to increase the proportion of crops with carbon sequestration and nitrogen accumulation, leading to absorption of CO₂ from the atmosphere and reduction of N₂O emissions. This means increasing the proportion of leguminous crops (alfalfa, clover, etc.) that would partly replace cereal-based feeds that release CO₂ into the atmosphere. Crop rotation with leguminous crops in the cycle has proven to improve soil structure, and reduce soil degradation, leading to higher yields and profitability, according to IFOAM (The International Federation of Organic Agriculture Movements).

Yield gap initiative (Farm to Fork goal: sustainable food)

The yield gap initiative aims to use innovative methods to close the yield and cost structure gap between conventional crops and organic crops, which is key to make sustainable food available to all and attain the scale needed to reach the emission targets. In the last four years, the average yield gap between conventional crops and Auga's crops has been 26% for wheat and 16% for legumes. Closing the yield gap might seem impossible, but studies show that over a long period of time, it is possible. For example, the paper "Crop yield gap and stability in organic and conventional farming systems"*, show that yields of organic crops approached those of conventional crops over a period of 10-13 years, as conventional methods seems to lower the soil quality over time.

Yield gap	2016	2017	2018	2019	Avg. 2016-19
Wheat yield gap	47%	20%	36%	2%	26%
Legumes yield gap	8%	-9%	43%	24%	16%

Source: Lithuanian Statistics Department, data of the survey of the activities of Lithuanian agricultural producers included in the Farm, Company

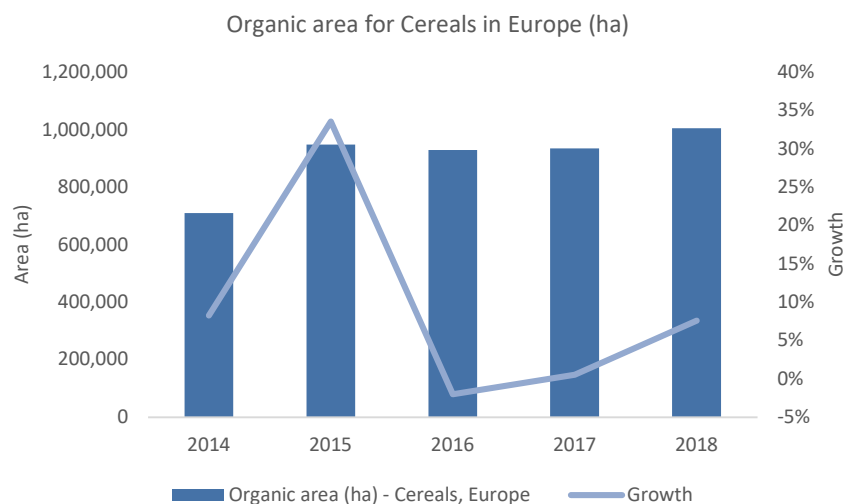
*<https://www.sciencedirect.com/science/article/pii/S0167880917305595?via%3Dihub>

Market overview

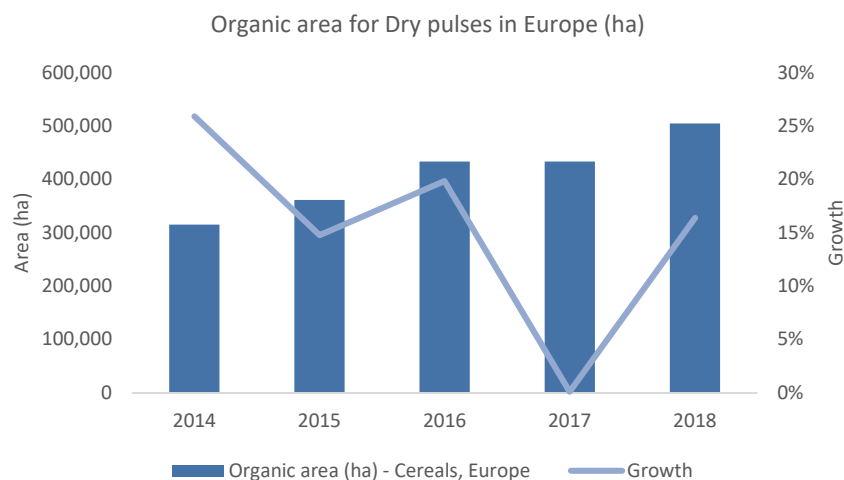
European organic crop commodity market in hectares (ha)

For Auga, we believe it is most relevant to look at the European crop production market. According to FiBL, the organic area in hectares (ha) for cereals in Europe grew by 8% to a bit over 1m ha and the 5-year CAGR 2014-18 has been 9%. The long-term growth trend of organic cereal land is clear and given that the organic share of total cereal land was only 1.8%, the long-term growth rate could continue for several years, in our view.

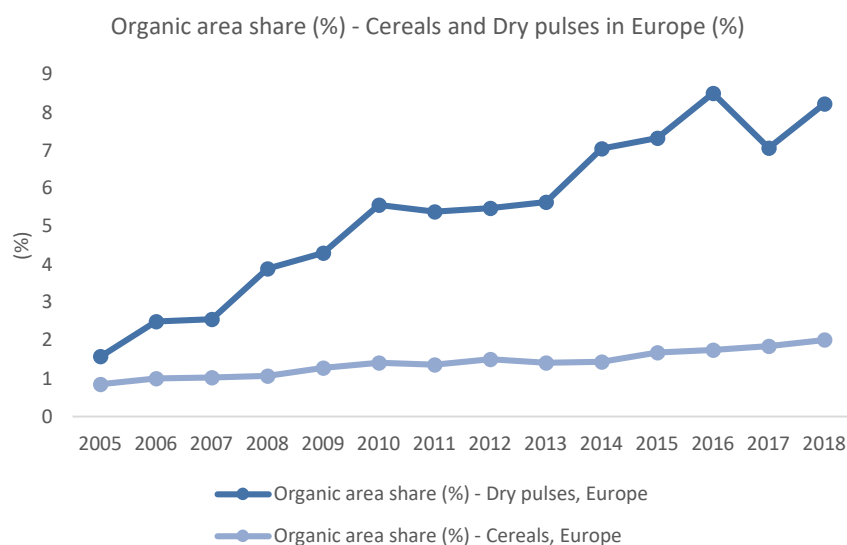
The organic area in ha for legumes in Europe grew by 16% in 2018 to a bit over 500K ha, and the 5-year CAGR 2014-18 has been 15% i.e. even higher than that of cereals. For legumes, the organic area in percent of total area is 8.2%, which is also higher compared to cereals but still leaves room for above normal growth in the years to come, in our view.



Source: FiBL



Source: FiBL



Source: FiBL

European organic crop commodity market in Euros

According to our calculation based on data from FiBL, Auga reports, Lithuanian (LT) Statistics Center, and FADN, the European market for organic production of cereals and legumes was worth about EUR 700m in 2018. The size of the market in monetary terms varies a lot according to yield and market prices meaning it can be misleading to look at the market growth in Euros. Therefore, to get a feel for the underlying market growth it is better to look at land area in hectares (see section above) which shows a clear growth trend for both cereals and legumes.

Market value calculation Cereals

	2016	2017	2018	Sources & description
Area (ha)	929,123	934,118	1,004,965	FiBL
Growth		1%	8%	
LT organic wheats yield (t/ha)	2.2	2.3	1.8	LT Statistics Center, FADN. Simplified as only Lithuanian organic wheat yield is used
Growth		5%	-22%	
Production (t) (ha x yield)	2,044,071	2,148,472	1,808,936	
Price per/t	224	240	240	Calculated from Auga report. Weighted according to Auga split wheat & other cash crops
Growth		7%	0%	
Market value (EURm)	458	516	434	
Growth		13%	-16%	2018 decrease due to yield drop

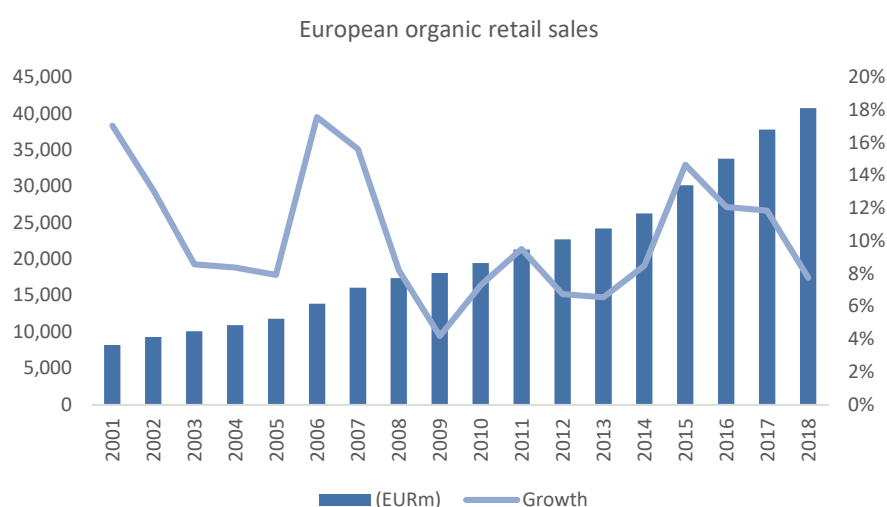
Legumes

	2016	2017	2018	Sources & description
Area (ha)	433,012	433,449	504,474	
Growth		0%	16%	
LT organic legumes yield (t/ha)	1.7	2.00	1.5	LT Statistics Center, FADN. Simplified as only Lithuanian organic wheat yield is used
Growth		18%	-25%	
Production (t) (ha x yield)	736,121	866,899	756,710	
Price per/t	374	370	357	Calculated from Auga report.
Growth		-1%	-4%	
Market value (EURm)	275	321	270	
Growth		17%	-16%	2018 decrease due to yield drop

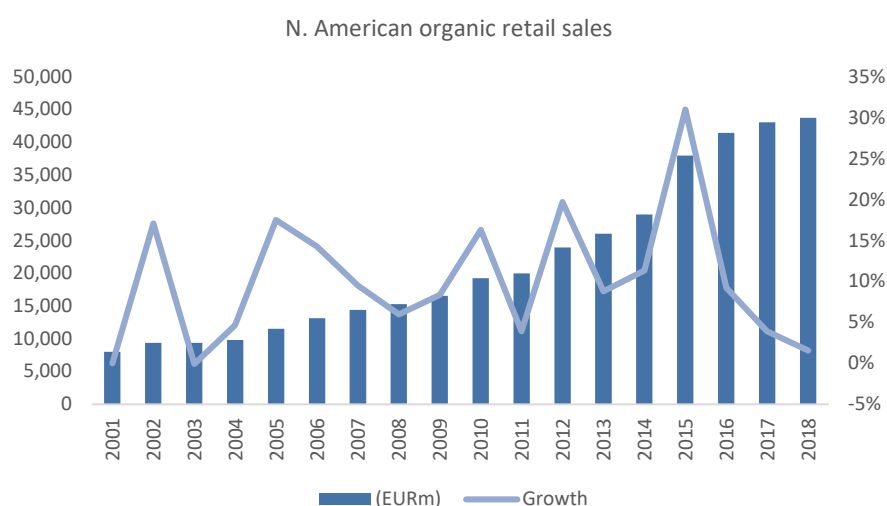
Total Market value (EURm)	2016	2017	2018	Sources & description
Cereals	458	516	434	
Legumes	275	321	270	
Total	733	837	704	
Growth		14%	-16%	2018 decrease due to yield drop

European and N. American organic retail market in Euros

We believe the European and the North American markets are the most relevant when estimating the market for Auga's consumer products. According to FiBL, both the European and the N. American market was worth over EUR 40bn in 2018, and both markets have a 5-year CAGR 2014-2018 of 11%. The European organic agriculture market has grown every year since at least 2001 (as far back as we can find data), while the North American market has only had one year of negative growth (market declined by 0.1% in 2003). The Baltic organic retail market was worth EUR 143m in 2018, with each country (Lithuania, Latvia, Estonia) making up about one third of the market (FiBL). At the wholesale level, which is probably more relevant for Auga, the European and N. American market is worth EUR 33bn, and EUR 35bn, respectively, assuming a 25% retail mark-up (our assumption).



Source: FiBL



Source: FiBL

Organic wholesale market value (EURm)	Europe	N. America	Baltic*
Retail value	40,729	43,677	143
Markup	25%	25%	25%
Wholesale value	32,579	34,934	115

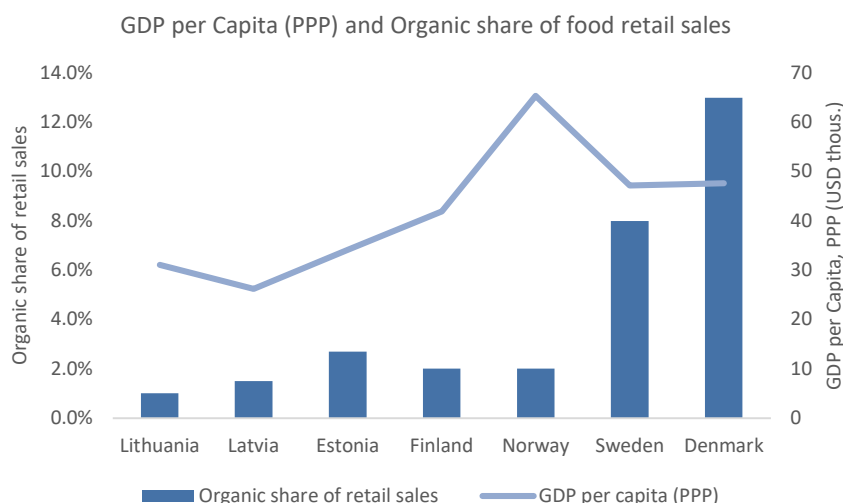
Source: FiBL, *Baltic included in Europe

FiBL

The Research Institute of Organic Agriculture, FiBL, is an industrial organisation supported by the International Trade Centre (ITC), the Swiss State Secretariat of Economic Affairs (SECO), the Sustainability Fund of Coop Switzerland, and the Organics International (IFOAM). FiBL collects data on organic farming from more than 180 countries and provides it on their website, Organic World.

Organic share of food retail market in Baltics and Nordics

Looking at the Baltic and the Nordic countries, the share of organic sales of food retail sales varies widely with Denmark and Sweden at 13%, and 8%, respectively, while Finland and Norway are at the same levels as the Baltic countries despite significantly higher GDP per capita. The correlation between GDP per capita and share of organic sales is not absolute, although it probably exist to some degree in our view i.e. we believe the share of organic sales will increase as the Baltic economies converge with its neighbours. The low organic share of retail sales is also due to limited supply of locally produced organic food. According to the Nordic Council of Ministers report, Market Analysis of Organic Foods in the Nordic and Baltic countries, limited organic food production makes it hard for larger Lithuanian and Estonian food processors to make organic products. Despite the supply limitation, Rimi Estonia increased sales of organic products by 20% in 2018 and according to a survey made by Rimi Latvia, 27% of consumers regularly chose organic produce.



Source: Nordic Council of Ministers report, Market Analysis of Organic Foods in the Nordic and Baltic countries, Trading Economics

Forecast

Three scenarios

We have made three forecast scenarios (Base, Bull, Bear), each with different long-term Sales and EBITDA estimates. One key forecast aspect is the outcome of the efficiency investment programs. All scenarios assume EUR 35m investment into efficiency programs until 2023; however, the actual efficiency gains differ. Our Bull case assume EUR 15m improvement at the EBITDA level from the efficiency programs while our Base, and Bear case assume EUR 8m, and EUR 4m, respectively.

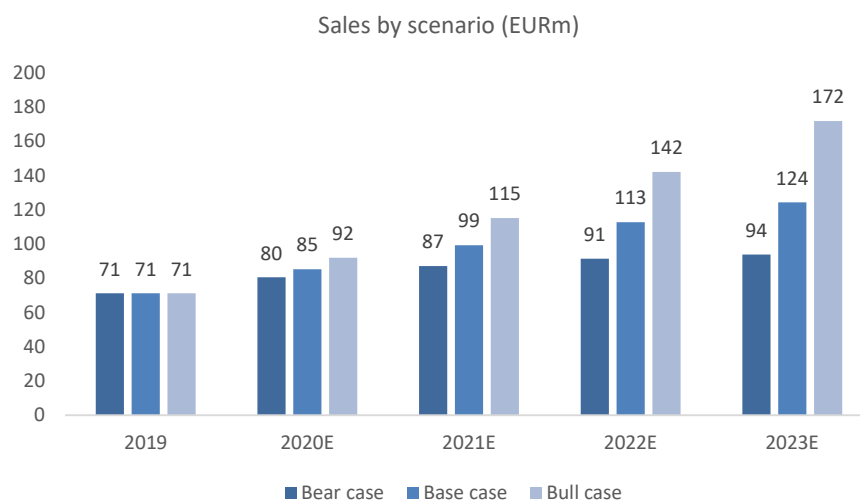
Another key forecast aspect is the assumed harvest yield. For example, in our 2020 Base case, the wheat yield is expected to increase by 11% to 4.67 t/ha, and the legumes yield is expected to increase by 75% to 2.92 t/ha (was 3.30 t/ha in 2017 when weather was normal). See below table for comparison of yield per crop type.

From an overall perspective, our Bull case can be regarded as an illustration when all factors are favourable for the company – internal (strategy execution), and external (weather, EU regulation etc.). Our Bull case estimated 2023 EBITDA of EUR 45.5m is in-line with the company's EBITDA potential stated in the strategy report published June 2020 (we believe this should be regarded as potential rather than guidance). Our Base case should be regarded as a positive scenario. Although not as positive as the Bull case, it still implies favourable internal and external factors. Our Bear case should be regarded as negative scenario whereby internal and/or external factors are unfavourable. See tables and charts below for the Sales, EBITDA, and yield outcome under the different scenarios.

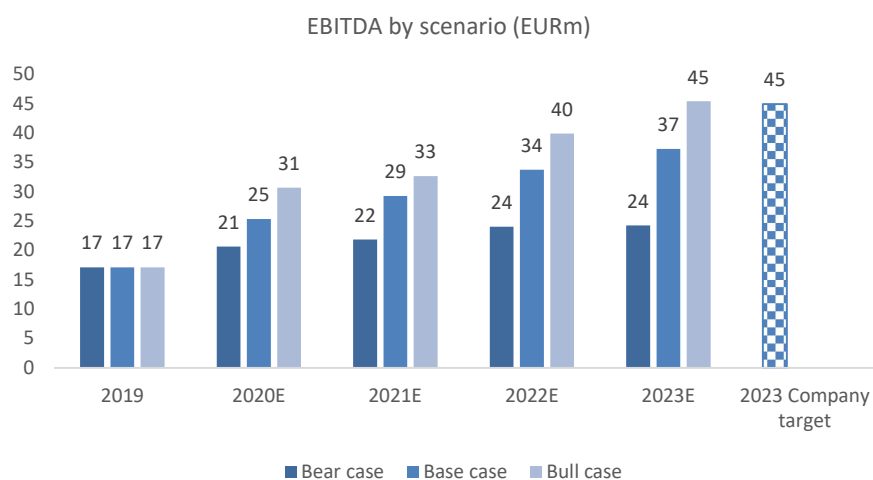
Long-term forecast growth

CAGR 2020-23E	Sales	EBITDA
Bull case	25%	28%
Base case	15%	22%
Bear case	7%	9%

Source: Enlight Research



Source: Company reports, Enlight Research



Source: Company reports, Enlight Research, Company strategy presentation (2023 EBITDA potential)

Yield per ha by crop

Average harvest yield, t/ha

Wheat	2017	2018	2019	2020E	2021E	2022E	2023E
Bull	4.10	2.83	4.21	4.76	5.04	5.24	5.40
Base	4.10	2.83	4.21	4.67	4.91	5.05	5.16
Bear	4.10	2.83	4.21	4.25	4.29	4.34	4.38

Average harvest yield, t/ha

Legumes	2017	2018	2019	2020E	2021E	2022E	2023E
Bull	3.30	1.41	1.67	3.09	3.27	3.41	3.51
Base	3.30	1.41	1.67	2.92	3.07	3.16	3.22
Bear	3.30	1.41	1.67	1.69	1.70	1.72	1.74

Average harvest yield, t/ha

Other cash crops	2017	2018	2019	2020E	2021E	2022E	2023E
Bull	4.97	5.10	8.24	9.31	9.87	10.26	10.57
Base	4.97	5.10	8.24	9.15	9.60	9.89	10.09
Bear	4.97	5.10	8.24	8.32	8.41	8.49	8.57

Average harvest yield, t/ha

Forage crops	2017	2018	2019	2020E	2021E	2022E	2023E
Bull	6.05	4.93	6.10	6.89	7.31	7.60	7.83
Base	6.05	4.93	6.10	6.77	7.11	7.32	7.47
Bear	6.05	4.93	6.10	6.16	6.22	6.28	6.35

Source: Company reports, Enlight Research

Forecast – Base scenario

Forecast by segment – Base case

Sales (EURm)	2017	2018	2019	2020E	2021E	2022E	2023E
Crop growing	14.2	17.5	29.5	36.9	44.2	50.9	56.0
Mushroom growing	24.4	26.5	28.7	31.0	32.7	34.1	34.8
Dairy farming	9.0	9.0	10.1	11.7	12.3	12.8	13.1
Consumer goods	1.1	1.9	2.8	5.6	10.1	15.1	20.4
Group	48.8	54.7	71.1	85.2	99.3	112.8	124.3
Sales growth	2017	2018	2019	2020E	2021E	2022E	2023E
Crop growing	na	23.0%	68.8%	25.0%	20.0%	15.0%	10.0%
Mushroom growing	-5.1%	8.3%	8.5%	8.1%	5.4%	4.3%	2.1%
Dairy farming	2.5%	-0.6%	13.2%	15.6%	5.2%	3.6%	2.7%
End-Consumer packaged goods	na	77.5%	50.1%	100.0%	80.0%	50.0%	35.0%
Group	41.2%	12.2%	29.9%	19.8%	16.6%	13.6%	10.1%
Gross profit	2017	2018	2019	2020E	2021E	2022E	2023E
Crop growing	13.4	4.3	11.3	14.8	17.3	20.5	23.2
Mushroom growing	0.9	1.7	2.5	3.0	3.8	4.3	4.8
Dairy farming	0.5	-2.4	-1.9	0.9	1.8	2.3	2.6
Consumer goods	0.1	0.1	0.0	0.7	1.4	2.3	3.3
Other*	0.1	0.0	-2.1	0.0	0.0	0.0	0.0
Group	14.9	3.7	9.8	19.5	24.3	29.3	33.8
Gross margin	2017	2018	2019	2020E	2021E	2022E	2023E
Crop growing	94.1%	24.5%	38.4%	40.3%	39.1%	40.2%	41.4%
Mushroom growing	3.8%	6.5%	8.7%	9.8%	11.5%	12.6%	13.7%
Dairy farming	5.5%	-27.0%	-19.0%	8.0%	15.0%	18.0%	19.9%
Consumer goods	5.0%	3.8%	1.6%	12.0%	14.0%	15.0%	16.0%
Group	30.6%	6.7%	13.8%	22.9%	24.5%	26.0%	27.2%

Source: Company reports (historical figures), Enlight Research (forecast figures), *one-time government sanction

Key forecast assumptions – Base case

Target	Sales	Profit
Crops	Yield for legumes +75% in 2020, other crops +11% in 2020, all crops +5% in 2021, all crops +3% in 2022, and all crops +2% in 2023 Gain on biological assets EUR ~5m annually 2020-23	Cost as percentage of agricultural produce sales gradually decrease from 103% in 2019 to 92% in 2023
Mushrooms	Tonnage sold +15% in 2020, +8% in 2021, +5% in 2022, +3% in 2023	Share of organic mushrooms sold in terms of tons increase from 7.5% in 2019 to 8.7% in 2023 Cost as pct of Sales gradually decrease from 91.3% in 2019 to 86.3% in 2023
Dairy	Tonnage sold +14% in 2020, +4% in 2021, +3% in 2022, +2% in 2023 Loss on biological assets EUR 2.0-2.5m in 2020-23	Share of organic milk sold in terms of tons increase from 72% in 2019 to 92% in 2023 Milk costs as pct of Sales gradually decrease from 105% in 2019 to 79% in 2023
Consumer goods	Q1/20 sales growth of 78% is accelerated to 100% on a full-year 2020 basis	Costs as pct of Sales gradually decrease from 98% in 2019 to 84% in 2023

Forecast – Bear scenario

Forecast by segment – Bear case

Sales (EURm)	2017	2018	2019	2020E	2021E	2022E	2023E
Crop growing	14.2	17.5	29.5	35.4	38.9	40.9	42.1
Mushroom growing	24.4	26.5	28.7	29.6	30.6	31.2	31.6
Dairy farming	9.0	9.0	10.1	11.0	11.3	11.5	11.6
Consumer goods	1.1	1.9	2.8	4.5	6.3	7.8	8.6
Group	48.8	54.7	71.1	80.5	87.1	91.5	93.9
Sales growth	2017	2018	2019	2020E	2021E	2022E	2023E
Crop growing	nm	23.0%	68.8%	20.0%	10.0%	5.0%	3.0%
Mushroom growing	-5.1%	8.3%	8.5%	3.2%	3.2%	2.2%	1.3%
Dairy farming	2.5%	-0.6%	13.2%	8.5%	2.9%	1.5%	0.9%
End-Consumer packaged goods	na	77.5%	50.1%	60.0%	40.0%	25.0%	10.0%
Group	41.2%	12.2%	29.9%	13.2%	8.2%	5.0%	2.7%
Gross profit	2017	2018	2019	2020E	2021E	2022E	2023E
Crop growing	13.4	4.3	11.3	10.2	10.1	10.1	9.3
Mushroom growing	0.9	1.7	2.5	2.7	3.2	3.6	3.7
Dairy farming	0.5	-2.4	-1.9	0.5	0.9	1.3	1.3
Consumer goods	0.1	0.1	0.0	0.3	0.7	0.9	1.2
Other*	0.1	0.0	-2.1	0.0	0.0	0.0	0.0
Group	14.9	3.7	9.8	13.8	14.9	15.9	15.5
Gross margin	2017	2018	2019	2020E	2021E	2022E	2023E
Crop growing	94.1%	24.5%	38.4%	28.9%	26.0%	24.7%	22.1%
Mushroom growing	3.8%	6.5%	8.7%	9.2%	10.3%	11.4%	11.7%
Dairy farming	5.5%	-27.0%	-19.0%	4.8%	8.2%	11.3%	11.4%
Consumer goods	5.0%	3.8%	1.6%	7.0%	11.0%	12.0%	14.0%
Group	30.6%	6.7%	13.8%	17.1%	17.1%	17.4%	16.5%

Source: Company reports (historical figures), Enlight Research (forecast figures), *one-time government sanction

Key forecast assumptions – Bear case

Target	Sales	Profit
Crops	Yield for all crops improve 1% annually 2020-23 Gain on biological assets EUR ~2m annually 2020-23	Cost as percentage of agricultural produce sales gradually decrease from 103% in 2019 to 100% in 2023
Mushrooms	Tonnage sold +6% in 2020, +2% in 2021, +1% in 2022, unchanged in 2023	Share of organic mushrooms sold in terms of tons increase from 7.5% in 2019 to 8.1% in 2023 Cost as pct of Sales gradually decrease from 91.3% in 2019 to 88.3% in 2023
Dairy	Tonnage sold +7.1% in 2020, +3.0% in 2021, +1.7% in 2022, +1.1% in 2023 Loss on biological assets EUR 2.0-2.5m in 2020-23	Share of organic milk sold in terms of tons increase from 72% in 2019 to 92% in 2023 Milk costs as pct of Sales gradually decrease from 105% in 2019 to 88% in 2023
Consumer goods	Q1/20 sales growth of 78% slows down to 60% on a full-year 2020 basis	Costs as pct of Sales gradually decrease from 98% in 2019 to 86% in 2023

Forecast – Bull scenario

Forecast by segment - Bull case

Sales (EURm)	2017	2018	2019	2020E	2021E	2022E	2023E
Crop growing	14.2	17.5	29.5	38.3	49.8	62.3	74.8
Mushroom growing	24.4	26.5	28.7	33.4	37.3	41.0	43.7
Dairy farming	9.0	9.0	10.1	14.1	15.6	16.7	17.9
Consumer goods	1.1	1.9	2.8	6.2	12.3	22.2	35.5
Group	48.8	54.7	71.1	92.0	115.1	142.1	171.8
Sales growth	2017	2018	2019	2020E	2021E	2022E	2023E
Crop growing	#DIV/0!	23.0%	68.8%	30.0%	30.0%	25.0%	20.0%
Mushroom growing	-5.1%	8.3%	8.5%	16.5%	11.7%	9.7%	6.7%
Dairy farming	2.5%	-0.6%	13.2%	38.9%	11.0%	7.0%	7.1%
End-Consumer packaged goods	Na	77.5%	50.1%	120.0%	100.0%	80.0%	60.0%
Group	41.2%	12.2%	29.9%	29.3%	25.1%	23.5%	20.9%
Gross profit	2017	2018	2019	2020E	2021E	2022E	2023E
Crop growing	13.4	4.3	11.3	16.5	18.0	21.9	24.5
Mushroom growing	0.9	1.7	2.5	4.9	5.6	6.3	6.8
Dairy farming	0.5	-2.4	-1.9	1.5	2.0	3.4	3.6
Consumer goods	0.1	0.1	0.0	0.8	1.8	4.4	6.4
Other*	0.1	0.0	-2.1	0.0	0.0	0.0	0.0
Group	14.9	3.7	9.8	23.7	27.5	36.0	41.3
Gross margin	2017	2018	2019	2020E	2021E	2022E	2023E
Crop growing	94.1%	24.5%	38.4%	43.1%	36.2%	35.1%	32.8%
Mushroom growing	3.8%	6.5%	8.7%	14.7%	15.1%	15.4%	15.6%
Dairy farming	5.5%	-27.0%	-19.0%	10.7%	12.7%	20.4%	20.0%
Consumer goods	5.0%	3.8%	1.6%	13.0%	15.0%	20.0%	18.0%
Group	30.6%	6.7%	13.8%	25.8%	23.9%	25.4%	24.0%

Source: Company reports (historical figures), Enlight Research (forecast figures), *one-time government sanction

Key forecast assumptions – Bull case

Target	Sales	Profit
Crops	Yield for legumes +85% in 2020, other crops +13% in 2020, all crops +6% in 2021, all crops +4% in 2022, and all crops +3% in 2023 Gain on biological assets EUR ~6-7m annually 2020-23	Cost as percentage of agricultural produce sales gradually decrease from 103% in 2019 to 86% in 2023
Mushrooms	Tonnage sold +20% in 2020, +11% in 2021, +9% in 2022, +5% in 2023	Share of organic mushrooms sold in terms of tons increase from 7.5% in 2019 to 9.3% in 2023 Cost as pct of Sales gradually decrease from 91.3% in 2019 to 84.4% in 2023
Dairy	Tonnage sold +32% in 2020, +9% in 2021, +5% in 2022, +4% in 2023 Loss on biological assets EUR 1.0-2.5m in 2020-23	Share of organic milk sold in terms of tons increase from 72% in 2019 to 94% in 2023 Milk costs as pct of Sales gradually decrease from 105% in 2019 to 85% in 2023
Consumer goods	Q1/20 sales growth of 78% accelerate to 120% on a full-year 2020 basis	Costs as pct of Sales gradually decrease from 98% in 2019 to 82% in 2023

Detailed forecast by segment

Base case

Crop segment forecast: Base case

(EURm)	2019	2020E	2021E	2022E	2023E
Total cultivated land, ha	38,565	39,683	39,683	39,683	39,683
Total fair value of harvest	39.71	51.31	53.88	54.48	56.12
Total production cost	-34.43	-46.39	-48.94	-49.43	-50.91
Gain/loss, biological assets in period	5.28	4.93	4.94	5.05	5.20
Sales revenue	29.49	36.86	44.24	50.87	55.96
Cost of sales	-30.45	-35.02	-41.14	-46.80	-51.48
Inventory write-offs	-1.54	-1.11	-1.11	-1.02	-0.84
Result of sales of agricultural produce	-2.50	0.74	1.99	3.05	3.64
Subsidies	8.53	9.18	10.37	12.35	14.34
Gross profit	11.32	14.84	17.30	20.46	23.18

Key figures	2019	2020E	2021E	2022E	2023E
Sales revenue growth	68.8%	25.0%	20.0%	15.0%	10.0%
Gross margin	38.4%	40.3%	39.1%	40.2%	41.4%

Average harvest yield, t/ha	2019	2020E	2021E	2022E	2023E
Wheat	4.21	4.67	4.91	5.05	5.16
Legumes	1.67	2.92	3.07	3.16	3.22
Other cash crops	8.24	9.15	9.60	9.89	10.09
Forage crops	6.10	6.77	7.11	7.32	7.47
Growth Average harvest yield, t/ha					
Wheat	48.8%	11.0%	5.0%	3.0%	2.0%
Legumes	18.4%	75.0%	5.0%	3.0%	2.0%
Other cash crops	61.6%	11.0%	5.0%	3.0%	2.0%
Forage crops	23.7%	11.0%	5.0%	3.0%	2.0%

Source: Company reports, Enlight Research

Mushroom segment forecast: Base case

(EURm)	2019	2020E	2021E	2022E	2023E
Sold mushrooms, t	12,256	14,122	15,198	16,020	16,528
Average price (EUR/t)					
Total revenue	28.71	31.03	32.69	34.08	34.81
Mushroom sales	26.32	28.83	30.47	31.84	32.54
Compost sales	2.39	2.20	2.22	2.24	2.26
Total cost	-26.22	-27.99	-28.93	-29.78	-30.05
Mushroom sales	-23.73	-25.73	-26.67	-27.52	-27.79
Compost sales	-2.49	-2.26	-2.26	-2.26	-2.26
Gross profit	2.49	3.04	3.76	4.30	4.76
Key figures	2019	2020E	2021E	2022E	2023E
Sales revenue growth	8.5%	8.1%	5.4%	4.3%	2.1%
Gross margin	8.7%	9.8%	11.5%	12.6%	13.7%

Dairy segment forecast: Base case

(EURm)	2019	2020E	2021E	2022E	2023E
Total quantity of products sold, t	25,224	28,824	30,044	30,822	31,360
Milk, t	24,492	28,125	29,338	30,108	30,640
Cattle, t	732	699	706	713	720
Revenue	10.14	11.73	12.34	12.78	13.12
Milk	9.42	11.04	11.65	12.08	12.42
Cattle	0.72	0.68	0.69	0.70	0.70
Cost of sales	-10.64	-10.29	-10.24	-10.48	-10.51
Milk	-9.93	-9.61	-9.55	-9.78	-9.81
Cattle	-0.72	-0.68	-0.69	-0.70	-0.70
Revaluation, biological assets	-2.20	-2.50	-2.25	-2.00	-2.00
Subsidies	0.77	2.00	2.00	2.00	2.00
Gross profit	-1.93	0.94	1.85	2.30	2.61
Key figures	2019	2020E	2021E	2022E	2023E
Sales revenue growth	13.2%	15.6%	5.2%	3.6%	2.7%
Gross margin	-19.0%	8.0%	15.0%	18.0%	19.9%

Consumer segment forecast: Base case

(EURm)	2019	2020E	2021E	2022E	2023E
Revenue	2.80	5.60	10.07	15.11	20.40
Cost of goods sold	-2.75	-4.92	-8.66	-12.84	-17.13
Gross profit	0.05	0.67	1.41	2.27	3.26
Key figures	2019	2020E	2021E	2022E	2023E
Sales revenue growth	150%	100%	80%	50%	35%
Gross margin	1.6%	12.0%	14.0%	15.0%	16.0%

Source: Company reports, Enlight Research

Bear case**Crop segment forecast: Bear case**

(EURm)	2019	2020E	2021E	2022E	2023E
Total cultivated land, ha	38,565	39,683	39,683	39,683	39,683
Total fair value of harvest	39.71	43.51	45.25	46.20	47.59
Total production cost	-34.43	-41.43	-43.21	-44.16	-45.53
Gain/loss, biological assets in period	5.28	2.07	2.03	2.03	2.06
Sales revenue	29.49	35.39	38.93	40.87	42.10
Cost of sales	-30.45	-34.68	-38.15	-40.06	-42.02
Inventory write-offs	-1.54	-1.34	-1.48	-1.55	-1.60
Result of sales of agricultural produce	-2.50	-0.64	-0.70	-0.74	-1.52
Subsidies	8.53	8.78	8.78	8.78	8.78
Gross profit	11.32	10.22	10.11	10.08	9.32

Key figures	2019	2020E	2021E	2022E	2023E
Sales revenue growth	68.8%	20.0%	10.0%	5.0%	3.0%
Gross margin	38.4%	28.9%	26.0%	24.7%	22.1%

Average harvest yield, t/ha	2019	2020E	2021E	2022E	2023E
Wheat	4.21	4.25	4.29	4.34	4.38
Legumes	1.67	1.69	1.70	1.72	1.74
Other cash crops	8.24	8.32	8.41	8.49	8.57
Forage crops	6.10	6.16	6.22	6.28	6.35
 Growth Average harvest yield, t/ha					
Wheat	48.8%	1.0%	1.0%	1.0%	1.0%
Legumes	18.4%	1.0%	1.0%	1.0%	1.0%
Other cash crops	61.6%	1.0%	1.0%	1.0%	1.0%
Forage crops	23.7%	1.0%	1.0%	1.0%	1.0%

Source: Company reports, Enlight Research

Mushroom segment forecast: Bear case

(EURm)	2019	2020E	2021E	2022E	2023E
Sold mushrooms, t	12,256	13,028	13,319	13,463	13,474
Average price (EUR/t)					
Total revenue	28.71	29.63	30.58	31.24	31.63
Mushroom sales	26.32	27.48	28.43	29.09	29.49
Compost sales	2.39	2.15	2.15	2.15	2.15
Total cost	-26.22	-26.89	-27.42	-27.68	-27.95
Mushroom sales	-23.73	-24.66	-25.20	-25.49	-25.78
Compost sales	-2.49	-2.24	-2.21	-2.19	-2.17
Gross profit	2.49	2.73	3.16	3.56	3.69
Key figures	2019	2020E	2021E	2022E	2023E
Sales revenue growth	8.5%	3.2%	3.2%	2.2%	1.3%
Gross margin	8.7%	9.2%	10.3%	11.4%	11.7%

Dairy segment forecast: Bear case

(EURm)	2019	2020E	2021E	2022E	2023E
Total quantity of products sold, t	25,224	27,017	27,820	28,302	28,611
Milk, t	24,492	26,318	27,152	27,664	28,002
Cattle, t	732	699	668	638	609
Revenue	10.14	11.00	11.32	11.50	11.60
Milk	9.42	10.32	10.67	10.88	11.00
Cattle	0.72	0.68	0.65	0.62	0.60
Cost of sales	-10.64	-9.97	-10.15	-10.19	-10.28
Milk	-9.93	-9.29	-9.50	-9.57	-9.68
Cattle	-0.72	-0.68	-0.65	-0.62	-0.60
Revaluation, biological assets	-2.20	-2.50	-2.25	-2.00	-2.00
Subsidies	0.77	2.00	2.00	2.00	2.00
Gross profit	-1.93	0.53	0.92	1.31	1.32
Key figures	2019	2020E	2021E	2022E	2023E
Sales revenue growth	13.2%	8.5%	2.9%	1.5%	0.9%
Gross margin	-19.0%	4.8%	8.2%	11.3%	11.4%

Consumer segment forecast: Bear case

(EURm)	2019	2020E	2021E	2022E	2023E
Revenue	2.80	4.48	6.27	7.83	8.62
Cost of goods sold	-2.75	-4.16	-5.58	-6.89	-7.41
Gross profit	0.05	0.31	0.69	0.94	1.21
Key figures	2019	2020E	2021E	2022E	2023E
Sales revenue growth	150%	60%	40%	25%	10%
Gross margin	1.6%	7.0%	11.0%	12.0%	14.0%

Source: Company reports, Enlight Research

Bull case**Crop segment forecast: Bull case**

(EURm)	2019	2020E	2021E	2022E	2023E
Total cultivated land, ha	38,565	39,683	39,683	39,683	39,683
Total fair value of harvest	39.71	52.21	54.30	55.57	57.34
Total production cost	-34.43	-45.33	-48.05	-49.01	-50.97
Gain/loss, biological assets in period	5.28	6.88	6.25	6.57	6.37
Sales revenue	29.49	38.34	49.84	62.30	74.76
Cost of sales	-30.45	-36.04	-45.85	-54.82	-64.29
Inventory write-offs	-1.54	-1.46	-1.00	-0.93	-1.12
Result of sales of agricultural produce	-2.50	0.84	2.99	6.54	9.34
Subsidies	8.53	8.78	8.78	8.78	8.78
Gross profit	11.32	16.50	18.02	21.89	24.50

Key figures	2019	2020E	2021E	2022E	2023E
Sales revenue growth	68.8%	30.0%	30.0%	25.0%	20.0%
Gross margin	38.4%	43.1%	36.2%	35.1%	32.8%

Average harvest yield, t/ha	2019	2020E	2021E	2022E	2023E
Wheat	4.21	4.76	5.04	5.24	5.40
Legumes	1.67	3.09	3.27	3.41	3.51
Other cash crops	8.24	9.31	9.87	10.26	10.57
Forage crops	6.10	6.89	7.31	7.60	7.83
Growth Average harvest yield, t/ha					
Wheat	48.8%	13.0%	6.0%	4.0%	3.0%
Legumes	18.4%	85.0%	6.0%	4.0%	3.0%
Other cash crops	61.6%	13.0%	6.0%	4.0%	3.0%
Forage crops	23.7%	13.0%	6.0%	4.0%	3.0%

Source: Company reports, Enlight Research

Mushroom segment forecast: Bull case

(EURm)	2019	2020E	2021E	2022E	2023E
Sold mushrooms, t	12,256	14,753	16,344	17,748	18,715
Average price (EUR/t)					
Total revenue	28.71	33.43	37.34	40.97	43.72
Mushroom sales	26.32	31.12	34.95	38.51	41.19
Compost sales	2.39	2.32	2.39	2.46	2.53
Total cost	-26.22	-28.53	-31.71	-34.64	-36.88
Mushroom sales	-23.73	-26.44	-29.61	-32.53	-34.71
Compost sales	-2.49	-2.08	-2.10	-2.11	-2.18
Gross profit	2.49	4.90	5.63	6.33	6.84
Key figures	2019	2020E	2021E	2022E	2023E
Sales revenue growth	8.5%	16.5%	11.7%	9.7%	6.7%
Gross margin	8.7%	14.7%	15.1%	15.4%	15.6%

Dairy segment forecast: Bull case

(EURm)	2019	2020E	2021E	2022E	2023E
Total quantity of products sold, t	25,224	33,340	36,322	37,964	39,354
Milk, t	24,492	32,641	35,616	37,251	38,634
Cattle, t	732	699	706	713	720
Revenue	10.14	14.08	15.63	16.72	17.91
Milk	9.42	13.40	14.94	16.03	17.21
Cattle	0.72	0.68	0.69	0.70	0.70
Cost of sales	-10.64	-12.07	-13.39	-14.32	-15.33
Milk	-9.93	-11.39	-12.70	-13.62	-14.62
Cattle	-0.72	-0.68	-0.69	-0.70	-0.70
Revaluation, biological assets	-2.20	-2.50	-2.25	-1.00	-1.00
Subsidies	0.77	2.00	2.00	2.00	2.00
Gross profit	-1.93	1.51	1.99	3.40	3.58
Key figures	2019	2020E	2021E	2022E	2023E
Sales revenue growth	13.2%	38.9%	11.0%	7.0%	7.1%
Gross margin	-19.0%	10.7%	12.7%	20.4%	20.0%

Consumer segment forecast: Bull case

(EURm)	2019	2020E	2021E	2022E	2023E
Revenue	2.80	6.16	12.31	22.16	35.46
Cost of goods sold	-2.75	-5.36	-10.46	-17.73	-29.07
Gross profit	0.05	0.80	1.85	4.43	6.38
Key figures	2019	2020E	2021E	2022E	2023E
Sales revenue growth	150%	120%	100%	80%	60%
Gross margin	1.6%	13.0%	15.0%	20.0%	18.0%

Source: Company reports, Enlight Research

Valuation

Peer valuation

Our peer universe consists of the following three main groups: food producers (farming)/grain traders, food processors (make consumer end-products), and integrated food producers/processors. There seems to be no clear difference in the valuation between these three main groups. We do note that the company with the highest valuation, BF Spa, has a clear “field to shelf” business model like Auga (but there are also integrated companies with lower valuation such as e.g. Agroton, and Astarta). The second highest valued company in the peer group, Fodelia, has a clear focus on “clean food with traceable origins”. In our view, focus on sustainable food and vertical integration could lead to a valuation premium but it is not automatic – the company must prove that it can execute the sustainable and/or integrated business model successfully. On our 2020 estimated EV/EBITDA median multiple, Auga is trading at a peer discount of 25% in our Base scenario. On 2021 estimates, the indicated peer discount is 6% (Bear), 31% (Base), and 40% (Bull). It should be noted that the Bull scenario depicts the EBITDA potential (not to be confused with guidance) under almost perfect conditions. Under our Base case, applying the peer Median 2021E EBITDA multiple indicate a share price of EUR 0.74, while applying the peer Average 2021E EBITDA multiple indicate a share price of EUR 0.98.

Auga peers

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (last)	EV/Sales 2019	EV/Sales 2020E	EV/Sales 2021E	EV/EBITDA 2019	EV/EBITDA 2020E	EV/EBITDA 2021E
FirstFarms A/S	FFARMS	DKK	62.40	394	887	2.7	2.6	2.5	9.2	9.6	9.4
Linus Agro	LNA1L	EUR	0.57	90	207	0.3	0.3	0.3	28.9	9.8	9.0
Kernel	KER	USD	10.64	894	1,588	0.4	0.4	0.4	4.6	4.2	4.1
Orior AG	ORON	CHF	72.00	469	619	1.0	1.0	1.0	10.2	10.5	9.5
Fodelia	FODA	EUR	8.80	62	63	3.2	2.5	2.1	24.1	20.2	16.9
Wessanen	WES	EUR	11.39	879	850	1.4	1.3	1.3	12.9	11.3	11.0
Agroton Public	AGT	PLN	3.80	82	119	0.5	0.5	0.5	2.3	2.8	2.6
ASTARTA Holding NV	AST	PLN	4.02	98	341	0.8	0.7	0.7	4.6	3.9	3.0
Adecoagro	AGRO	USD	4.66	544	1,222	1.4	1.6	1.3	4.0	5.2	4.1
BF Spa	BFG	EUR	3.10	507	461	6.5	6.3	6.1	48.4	43.9	42.9
Bonduelle	BON	EUR	22.10	705	655	0.5	0.5	0.5	6.4	7.5	6.3
Average						1.7	1.6	1.5	14.1	11.7	10.8
Median						1.0	1.0	1.0	9.2	9.6	9.0
Average excluding extremes						1.2	1.2	1.1	6.8	7.2	6.6

Auga valuation at Bull, Base, Bear scenario

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (last)	EV/Sales 2019	EV/Sales 2020E	EV/Sales 2021E	EV/EBITDA 2019	EV/EBITDA 2020E	EV/EBITDA 2021E
Auga Bull case	AUG1L	EUR	0.39	89	183	2.5	2.0	1.5	10.2	5.9	5.4
Auga Base case	AUG1L	EUR	0.39	89	183	2.5	2.2	1.8	10.2	7.2	6.2
Auga Bear case	AUG1L	EUR	0.39	89	183	2.5	2.3	2.1	10.2	9.0	8.4

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (last)	EV/Sales 2019	EV/Sales 2020E	EV/Sales 2021E	EV/EBITDA 2019	EV/EBITDA 2020E	EV/EBITDA 2021E
Auga Bull case	AUG1L	EUR	0.39	89	183	136%	94%	58%	10%	-38%	-40%
Auga Base case	AUG1L	EUR	0.39	89	183	136%	112%	89%	10%	-25%	-31%
Auga Bear case	AUG1L	EUR	0.39	89	183	136%	127%	119%	10%	-6%	-6%

Source: MarketScreener, Enlight Research, based on share prices on 15 June 2020

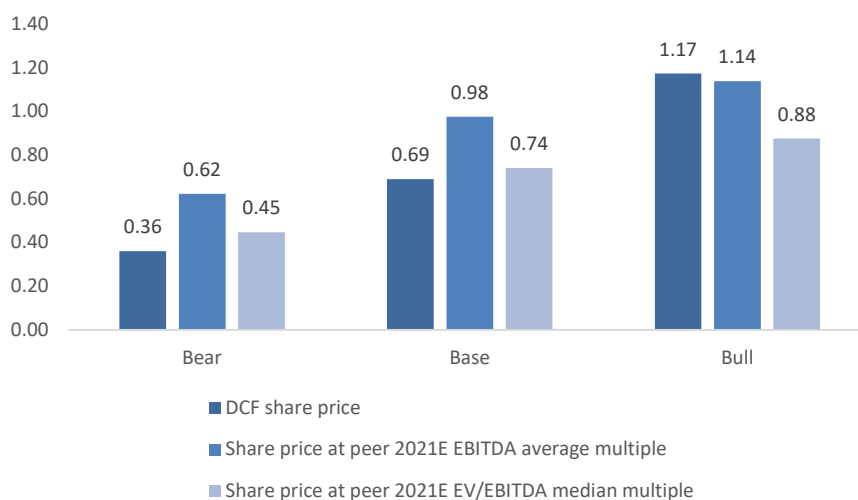
DCF valuation

We believe our Base case DCF valuation best reflects the long-term value of Auga. It indicates a value per share of EUR 0.69, implying an upside of 77%. Our Bull case DCF value per share of EUR 1.17, should be regarded as the potential if all factors, internal (strategy execution) and external (weather, organic market development), are favourable. Our Bear case DCF value per share of EUR 0.36 indicates a downside of 8%. It assumes e.g. unfavourable weather and poor strategy execution.

DCF Valuation Scenarios	Bear	Base	Bull
WACC	7.8%	7.8%	7.8%
Terminal sales growth	2.0%	3.0%	3.0%
Terminal EBIT margin	6.0%	7.0%	8.0%
Fair Value per share	0.36	0.69	1.17
Upside/Downside (last price)	-8%	77%	201%
Auga share price (EUR)	0.39	0.39	0.39
Share price at peer Average 2021E EBITDA multiple	0.62	0.98	1.14
Upside/Downside (last price)	60%	150%	192%
Share price at peer Median 2021E EBITDA multiple	0.45	0.74	0.88
Upside/Downside (last price)	15%	90%	125%

Source: Enlight Research

Share price valuation at DCF & EV/EBITDA peer multiples



Source: Enlight Research

Company description

History

In 1994, Mr. Kestutis Juscius, started his mushroom growing business, Baltic Champs, which during the next 20 years, grew into the Baltic region's leading mushroom producer. In 2014, AUGA Group was created when unlisted Baltic Champs and listed (Nasdaq Vilnius) Agrowill Group merged, giving Baltic Champs a majority stake (50.2%) in Agrowill. Prior to the merger, the reputation of Agrowill Group was not the best as the operational performance was weak and the debt level was high. The year before the merger, Agrowill's sales and profits declined by around 60%, and the company had trouble to service its debt. Furthermore, there was a lot of controversy surrounding Agrowill's main shareholder, Mr. Ziemelis, who allegedly owned Agrowill shares through several offshore companies.

With the merger of Baltic Champs and Agrowill in 2014, the current main owner, Mr. Juscius, got control of the new entity, AUGA Group, and a re-structuring plan was implemented. By 2015, all creditors had been paid back according to the re-structuring plan. In December 2016, Mr. Juscius bought all remaining shares from Mr. Ziemelis', and other major shareholders, essentially taking full control of the company. So just two years after gaining majority control of Agrowill, creditors had been paid back and the somewhat controversial shareholder had been bought out. The buy-out of all former main shareholders was an important step as there was uncertainty regarding the direction of the company while the former main shareholder still had significant holdings.

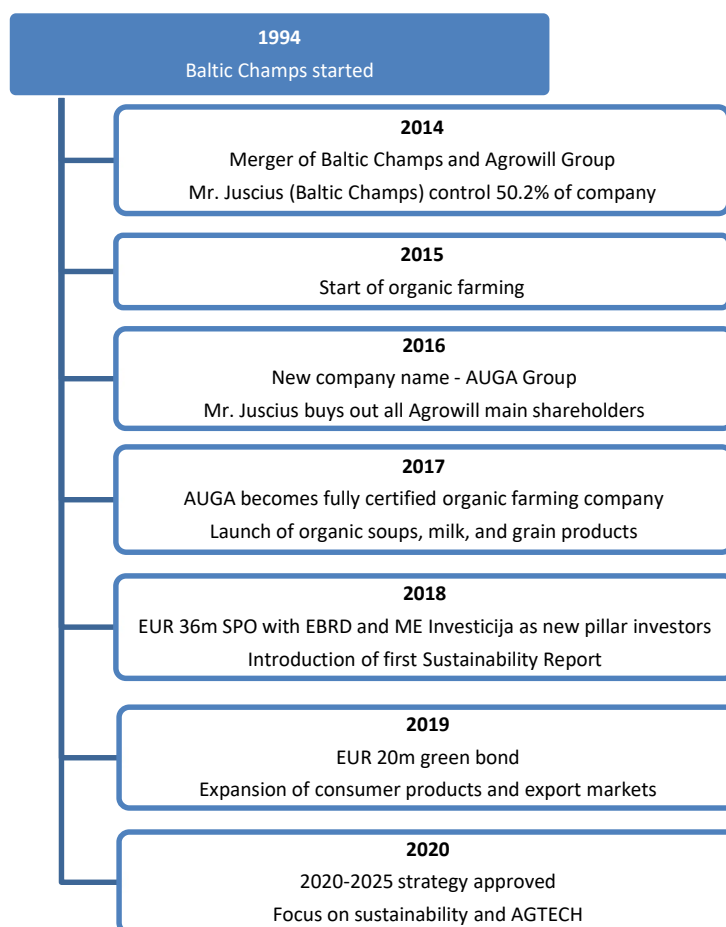
In 2017 (3 years after the transition to organic farming started), AUGA became truly organic as 93% of its cultivated areas have received European organic farming certificates.

In 2018, AUGA completed a EUR 36m Secondary Public Offering (SPO) whereof half was existing shares (Mr. Juscius sold to increase free float), and half was newly issued shares. Through the issue, reputable institutional investors, EBRD (European Bank for Reconstruction and Development) and ME Investicija (investment holding company which also owns the largest asset heavy transport company in Europe – Girtėka Logistika) became new major shareholders. In 2019, AUGA completed a EUR 20m tranche of Green bonds.

In 2019, AUGA issued its first green bond. The company also expanded its consumer product offering and its export markets.

Today, AUGA Group is the largest organic food producer in Europe with some 1,200 employees managing more than 39,000 ha of organically certified land – all non-organic land (approximately 1 ha) is in organic conversion process – and exporting more than 70% of its sales. Having achieved the goal of becoming an organic food producer, the next step is to fulfil the vision to become a sustainable food producer.

Auga historical milestones



Source: Company reports, Company website

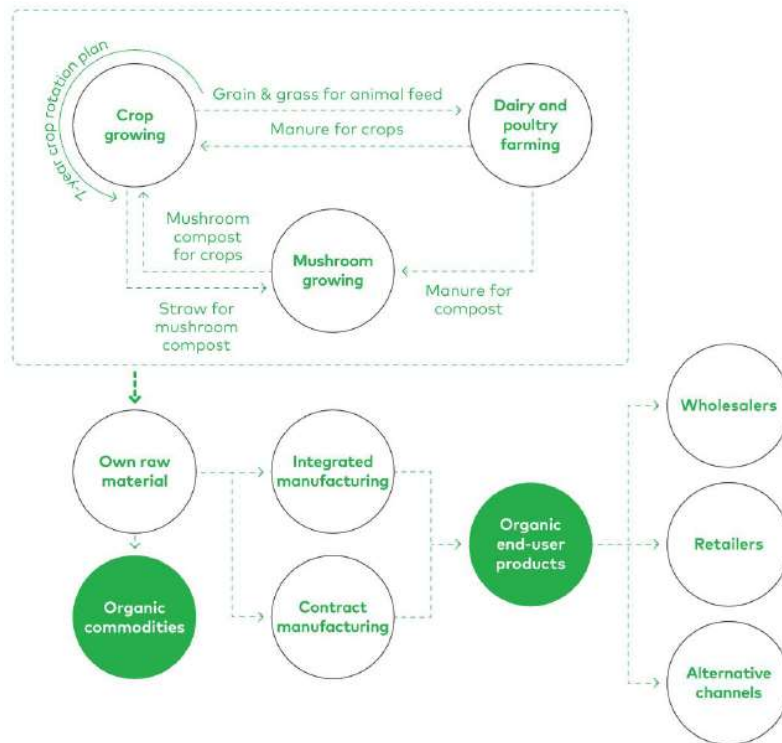
Business model

The focus of AUGA's business model is vertical integration towards end products (from field to shelf), and horizontal integration according to the closed loop farming model where as much as possible is re-used within the farm to minimize environmental impact. The vertical business model has the following advantages:

- Ensures supply of organic raw materials, which is important as the demand for organic products grows faster than the supply of arable organic land
- Enables large scale cost-efficient end-product processing (both own and external) as large volumes of organic raw materials can be guaranteed
- Enables premium profitability due to higher margins for end-products compared to raw materials
- Ensures traceability of the whole production chain (from farming to processing) which is crucial to gain and to sustain the trust of consumers

See below picture of for Auga business model.

Auga sustainable business model

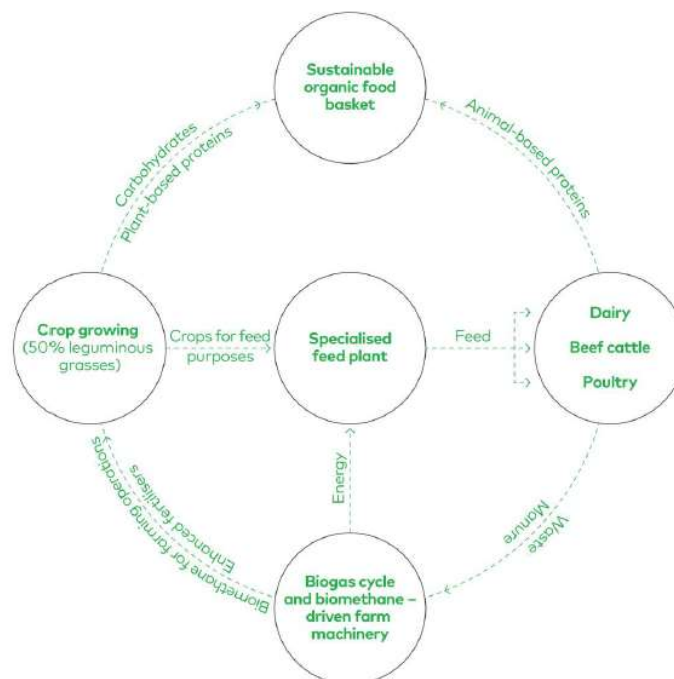


Source: AUGA Strategy Presentation for Investors, May 2020

Sustainable organic food architecture (SOFA)

To achieve its mission of “Delivering organic food with no cost to nature”, Auga will operate according to the SOFA model, which is a framework to ensure sustainability. Auga’s innovation initiatives within biogas, feed technology, and crop rotation are key factors for the success of the SOFA model.

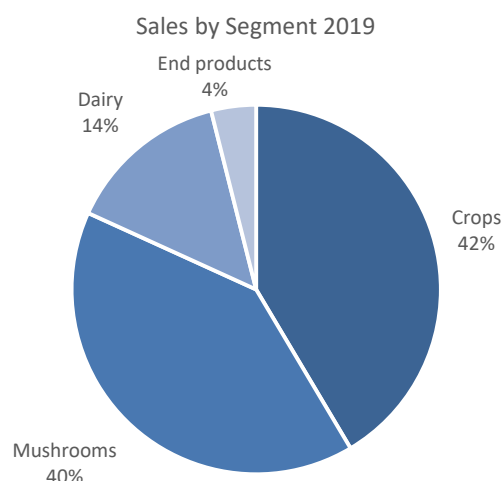
Auga SOFA model



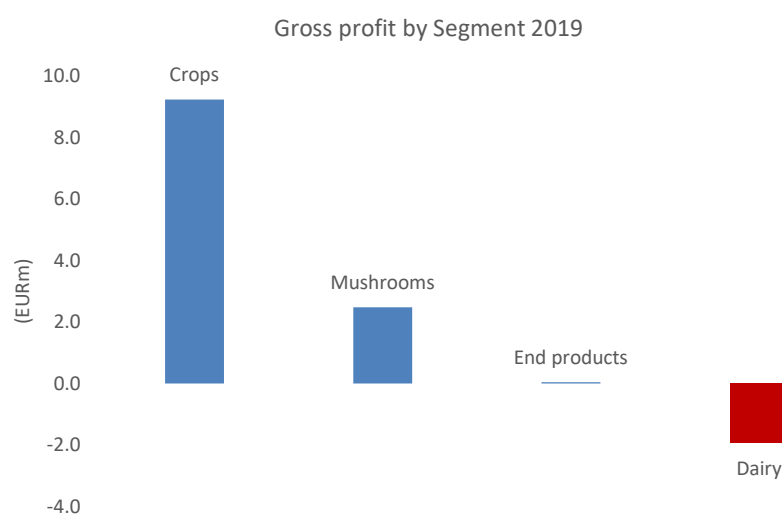
Source: AUGA Strategy Presentation for Investors, May 2020

Segment description

The company reports sales and gross profit for the following segments: Crop growing, Mushroom growing, Dairy and Consumer packaged goods. The Crop and Mushroom growing segments are the biggest making up 82% of group sales. In terms of 2019 Gross profit, the Crop and Mushroom growing segments are profitable while the Packaged goods segment shows a small profit and Dairy is loss making.



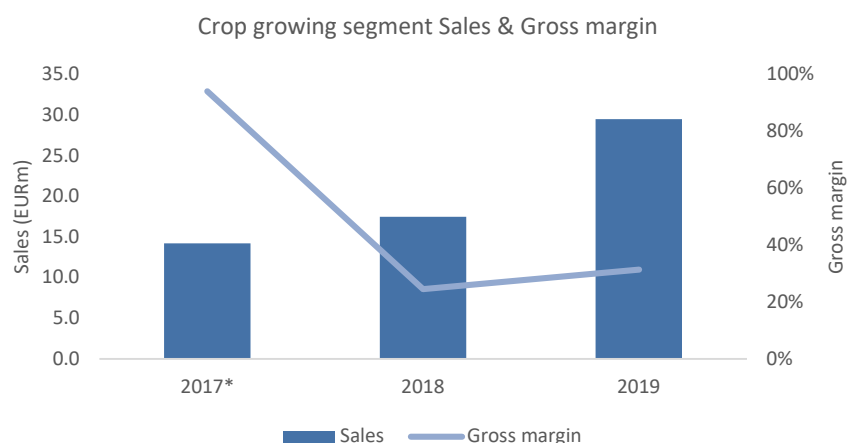
Source: Company report



Source: Company report

The Crop growing segment

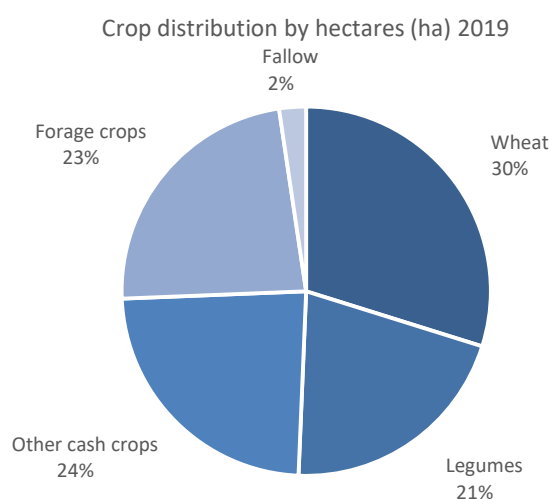
With 2019 Sales of EUR 30m, and Gross profit of EUR 9m, the Crop growing segment is the group's largest segment both in terms of sales and profits. In addition to selling crops to external clients, about half of the Crop segment's sales goes internally to other group segments e.g. the Dairy segment (grain & grass for animal feed), the Mushroom segment (straws for mushroom compost), and the Packaged goods segment (packaged vegetables, packaged beans, packaged soups).



Source: Company reports *2017 Gross profit include revaluation gain of EUR 5.1m

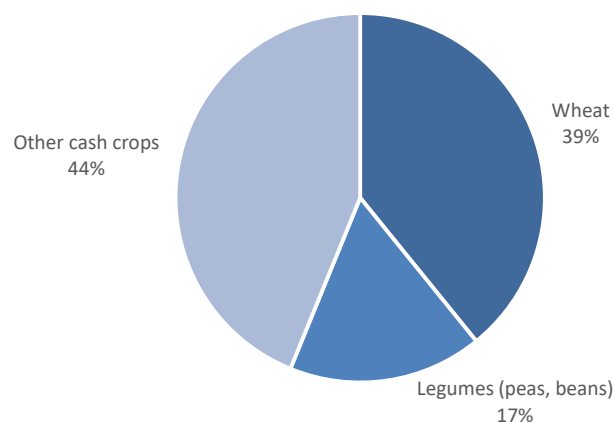
Crop types and structure

The company grows **Cash crops** and **Forage crops**. Cash crops have active marketplaces with transparent prices at which farmers can sell their crops. In terms of cultivated land (ha), Cash crops make up about three fourths with Forage crops making up most of the remainder, leaving two percent of the land Fallow. **Forage crops** are mainly used to feed own livestock and has no real active marketplace with transparent prices. Among cash crops, wheat and legumes are the biggest ones making up more than half of the Crop segment's sales in 2019. Other important crops include rapeseeds, and sugar beets.



Source: Company reports

Cash crop sales distribution 2019

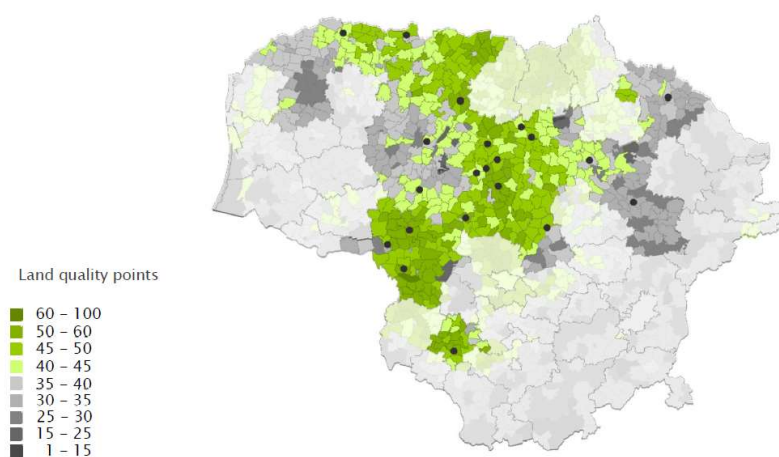


Source: Company reports

Crop growing farms and land

The group has 21 main farms that cultivate over 38 thousand hectares in some of Lithuania's most fertile regions (see map below). Auga's owns 11% of the land with a value of EUR 25m (as of 31 Dec 2019). However, the strategy is to lease rather than own land as owning farmland is often capital intensive with low returns.

Location of Main farms of the Group and land quality in Lithuania



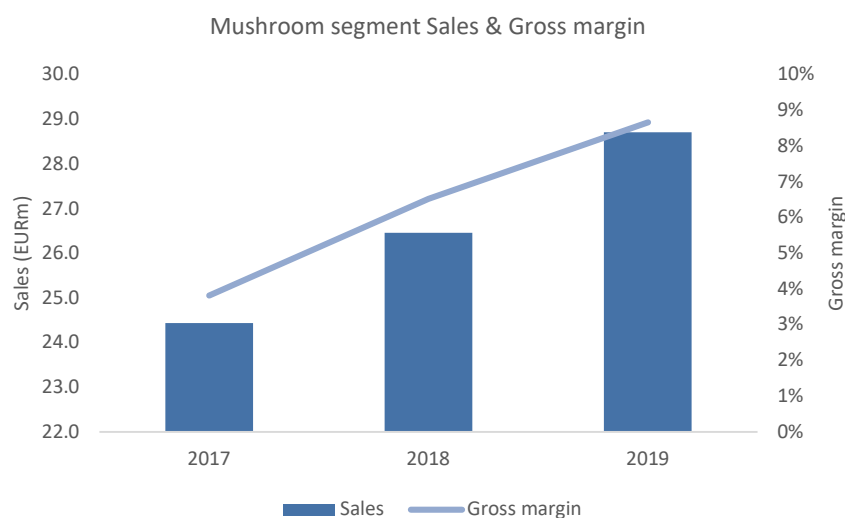
Source: Company reports

Dots indicate Auga main farm, Green indicate land fertility

The Mushroom growing segment

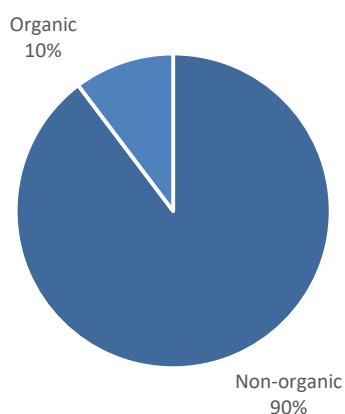
With 2019 Sales of EUR 28.7m, and Gross profit of EUR 2.5m, the mushroom growing segment is the group's second largest both in terms of sales and profits. The segment has been in a positive trend for the last three years with increasing sales and profits.

Today, most of the produce is sold as non-organic (90% in 2019). An increasing share of organic sales could improve the profit margin significantly as the organic price premium is around 40% while the production cost is only 9% higher (based on revenues and costs per ton).



Source: Company reports

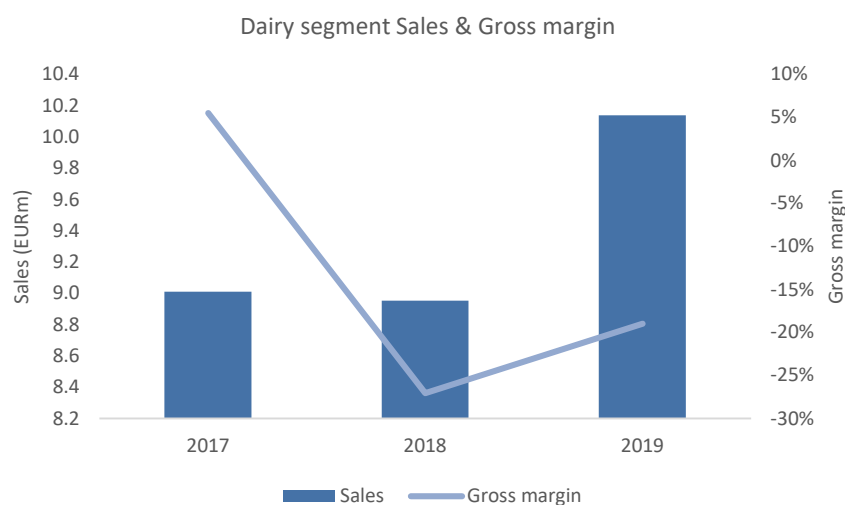
Mushroom sales distribution 2019



Source: Company reports

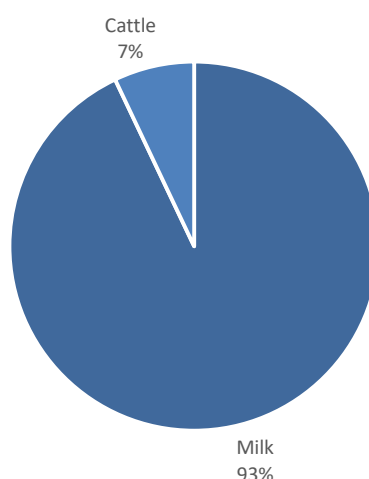
The Dairy segment

The main activities of the dairy segment are milk production and cattle raising at its 18 farms with approximately 3,500 dairy cows. With 2019 Sales of EUR 10m, the Dairy segment is the third largest segment in terms of sales (14% of group sales). In the last two years, the segment has been unprofitable at the Gross profit level, although with an improvement in 2019 vs. 2018 (main reasons for loss is increased cost of feed, decreased milk price per kg, and loss from revaluation of biological assets). The Dairy segment's main revenue stream is sales of milk which made up 93% of the segments sales in 2019, with the remainder coming from sales of cattle meat. The Dairy segment fits into the Group's Sustainable Organic Food Architecture (SOFA) as the cattle consumes forage crops (grown as part of crop rotation schedule), and provides by-products such as manure (used to fertilize land) – both essential functions for the Crop growing segment.



Source: Company reports

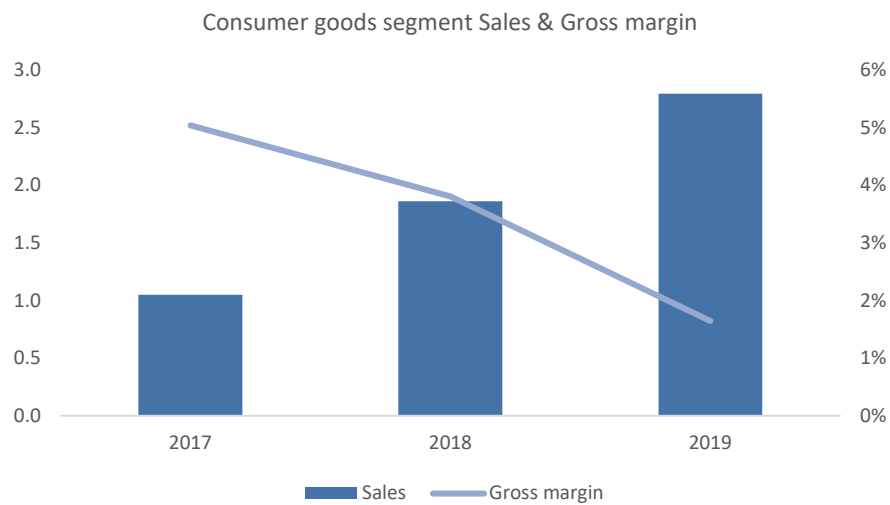
Dairy segment sales distribution 2019



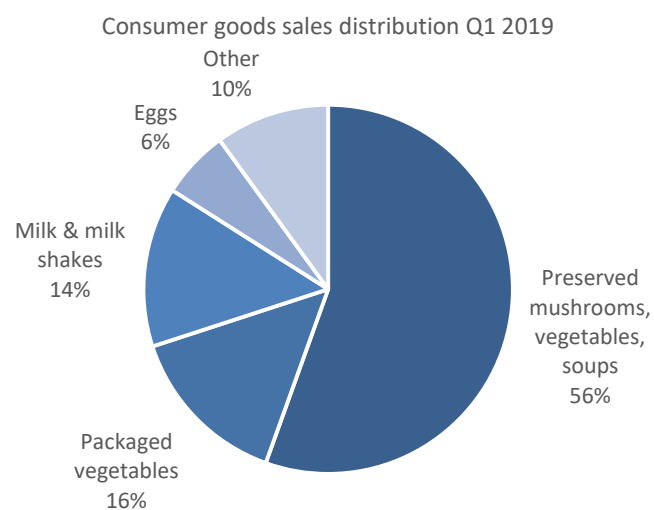
Source: Company reports

The Consumer goods segment

The main products of the Consumer goods segment are end-user packaged food products such as e.g. preserved mushrooms, soups, milk, and eggs. With 2019 Sales of EUR 2.8m, the Consumer goods segment is Auga's smallest segment, but it is also the fastest growing segment (sales +79% y-on-y in Q1/20), and it is a key segment with regards to the vertical integration from low-margin commodities to higher-margin end-user products. Despite its small size relative to global food companies, the client list contains large companies such as e.g. Costco Wholesale Canada Ltd (one of the world's largest retailer with USD 129bn annual turnover), Tree of Life (UK's largest organic product wholesaler), as well as some of the largest Baltic food retailers, Rimi (part of Swedish Ica group), and Maxima.



Source: Company reports



Source: Company reports

Governance

Auga is one of the few companies in the Baltics that has a two-tier supervisory system, which means that the Board (called Management Board in Lithuania) is totally independent from the Management team. Furthermore, the Board is totally independent from the controlling shareholder.

Board

The current Board was appointed in 2019 (tenure last until AGM in 2021) and consist of the five independent members (four if personal holdings of Auga Group shares is considered).

Mr. Dalius Misiunas (Independent member and Chairman of the Board)

Mr. Misiunas is one of the most respected business leaders in Lithuania, responsible for improving the transparency of Lithuania's energy companies as Board member and General Director of Lietuvos Energija UAB (the main holding company of Lithuania's energy assets). Other positions: President at ISM University of Management and Economics. Previous positions: Chairman of Kaunas University of Technology; Board member and General Director of MAXIMA grupė, UAB; Board member and General Director of Lietuvos Energija, UAB; Board/Supervisory Board member and/or chairman of various companies, including EURELECTRIC, AB Energijos skirstymo operatorius, Energijos tiekimas, Kauno energetikos remontas.

Mr. Tomas Kucinskas (Independent member of the Board)

Mr. Kucinskas has experience from consumer products sector while serving as the President of Carlsberg Baltic Baltics. Other positions: Director of UAB Provestum (since 2012), Board member of UAB Biseris (since 2011), Chairman of UAB Parket Trade (since 2014), Supervisory board member of Lords LB special Fund V (since 2017), Previous positions: Board member or chairman of various companies, including UAB Nordic Idea, UAB Pamario jėgainių energija, UAB Švyturys-Utenos alus, Slavutich, Member of Audit Committee of various companies, including UAB KITRON, Olivaria General Director of various companies, including UAB Norfos mažmena, UAB Litagros prekyba, UAB Švyturys-Utenos alus, UAB BBH Baltic, President of Carlsberg Baltics & Belarus, Vice-President of Baltic Beverage Holding (BBH), Member of the Budget Committee of UAB LEO LT.

Mr. Murray Steele (Independent member of the Board)

Mr. Steele represents EBRD (European Bank of Reconstruction and Development) who is one of the main shareholders in Auga Group. Other positions: Board member of James Walker Group (since 2004), Chairman of Octopus Apollo VCT (since 2008), Chairman of Surface Generation (since 2008), Programme Director for NED Training Programmes for the Financial Times (since 2011), the European Bank of Reconstruction and Development (since 2001) and the British Private Equity and Venture Capital Association (since 2002). Previous positions: Board member or chairman of various companies, including E – Energija, Vitalia, LINX – London Internet Exchange. Head of Strategic Management, Cranfield School of Management, Cranfield University.

Mr. Tomas Krakauskas (Member of the Board)

Mr. Krakauskas represents UAB ME investicija who is one of the main shareholders in Auga Group. Mr. Krakauskas also owns shares personally in Auga. Other positions: Chief Investment Officer of UAB ME investicija (since 2016); Chairman of UAB Viena sąskaita (since 2017). Previous positions: Chairman, independent board member, of State-owned company Lithuanian Airports; Board member of UAB FMĮ INVL Finasta;

Various positions at UAB INVL Asset Management (Chief Investment Officer; Deputy CEO; Head of Portfolio management department).

Mr. Andrej Cyba (Independent member of the Board)

Other positions: UAB INVL Asset Management, Chief Business Development Officer (since 2016), UAB FMĮ INVL Finasta, Chairman of the Management Board (since 2016), IPAS INVL Asset Management, Chairman of the Supervisory Board (since 2016), AS INVL ATKLĀTAIS PENSĪJU FONDS, Chairman of the Supervisory Board (since 2016), UAB Mundus, Chairman of the Management Board (since 2018), AB Vilkyškių pieninė, Board Member (since 2008), UAB Piola, CEO (since 2009), UAB GP1 (dormant entity), CEO (since 2012), UAB GP2 (dormant entity), CEO (since 2012). Previous positions: AB FMĮ Finasta, Financial analyst; UAB Finasta Asset Management, Fund manager; UAB Finasta Asset Management, Head of Fund Management; UAB Finasta Asset Management, Director; UAB Invalda nekilnojamo turto valdymas, Board Member; UAB Finasta Asset Management, CEO / Board Member; AB bankas Finasta, Head of Financial Market division, Board Member; AS F Capital, Supervisory Board Member; AB Finasta Holding, Deputy CEO, Board Member; AS Finasta atklātais pensiju fonds, Supervisory Board Member; IPAS Finasta Asset Management, Supervisory Board Member; AB FMĮ Finasta, CEO/ Chairman of the Management Board; AB bankas Finasta, CEO/ Chairman of the Management Board; AB Invalda INVL, Advisor to President.

Management team

The management team consists of eight members including the main shareholder Mr. Kestutis Juscus.

Mr. Kestutis Juscus (General Manager/CEO)

Mr. Juscus is the General Manager/CEO of Auga Group, and the main shareholder of Auga Group through Baltic Champs Group UAB in which he is the sole shareholder. Other positions: Chairman of the Supervisory Board of Mycela SA, Chairman the Board of Baltic Champs Group.

Mr. Mindaugas Ambrasas (CFO)

Previous positions include: Tele2, Head of B2B Sales; Danske Bank, (Head of International Customers, Head of Corporate Banking).

Mr. Gediminas Judzentas (Head of Marketing)

Previous positions include: Alita Group AB, Head of Marketing; Kraft Foods, Manager Trade Marketing and NRG Project Country Lead, Baltics; Philip Morris, Key Accounts Supervisor.

Other Management Team members: Mr. Laurynas Miskinis (Sales manager), Mr. Tadas Baliutavicius (Managing Director), Mr. Armandas Simulis (Head of Asset Management Department), Mrs. Elina Chodzkaite-Barauskiene (Business Development Manager), Mrs. Viktorija Gruzauskiene (Head of HR).

Major shareholders

The main shareholders composition has been stable in 2020 (as of 31 March) with no major shareholder buying or selling shares. The largest and controlling shareholder, is Baltic Champs Group UAB, which is fully owned by Mr. Kestutis Juscius (CEO). The second largest owner is EBRD who became an owner through the SPO in 2018. The third largest owner, ME Investicija UAB, also entered through SPO in 2018. Both EBRD and ME Investicija UAB have representatives on the Board.

Shareholders as of 31 March 2020

Entity / person	31 March 2020		31 December 2019	
	Number of shares	% owned	Number of shares	% owned
Baltic Champs Group UAB	125,167,939	55.04	125,167,939	55.04
European Bank for Reconstruction and Development	19,810,636	8.71	19,810,636	8.71
ME Investicija UAB	19,082,801	8.39	19,082,801	8.39
Žilvinas Marcinkevičius	15,919,138	7.00	15,919,138	7.00
Other shareholders	47,435,738	20.86	47,435,738	20.86
Total	227,416,252	100.00	227,416,252	100.00

Information on the shares of the Company held by the members of the Board and the top executives as of 31 March 2020:

Name, Surname	Position	Owned shares in the Company, units	Owned shares in the Company, %
Kęstutis Juščius*	CEO	1,392	0.0006%
Tomas Krakauskas**	Member of the Board	119,000	0.052%
Mindaugas Ambrasas	CFO	6,881	0.003%

* Kęstutis Juščius, CEO, is the ultimate owner of Baltic Champs Group UAB, controlling 55.04% of the Company's shares.

** Tomas Krakauskas is an employee of UAB ME Investicijos, which holds 8.39% of the Company's shares.

Source: Company report

Risk factors

Below is a list of risk factors that believe are important to highlight. It should not be regarded as a complete list of risk factors.

Lease contracts

AUGA's strategy to lease rather than own land (9% of land is owned) means the company is dependent on lease contracts being renewed at reasonable prices.

The risk of losing a land lease is mitigated by the following:

- The Civil Code of the Republic of Lithuania provides that upon expiry of the land lease, the lessee has a pre-emptive right to conclude a new land lease contract on the same conditions as other parties (potential lessees), provided that the tenant duly performed the duties under the land lease contract
- The Group rents land from 2,700 individuals and companies which lowers the risk of losing a major piece of land at any given time
- The lease terms (including the termination and extension options in connection with the adoption of IFRS 16) has been audited by PWC (see auditor's report in the 2019 Annual Report)

COVID-19

COVID-19 and similar pandemics pose a risk to the supply chain rather than the demand for food. For example, if employees get sick, the ability to produce needed quantities could be affected. Also, disturbances in the ability to deliver goods across borders could affect the ability to transport goods to clients. In its 2019 Annual Report, the company stated that they do not expect significant negative effects on the results of the Group due to COVID-19. Nevertheless, it is too early to assess the full impact on the 2020 results.

Weather

The risk of adverse meteorological conditions may significantly affect the yield of agricultural products and thereby negatively affect the financial result.

Financing

At the end of 2019, the total debt of the group was EUR 59m (excluding IFRS effect) and the debt to EBITDA was 5.38 (excluding IFRS effect). If credit markets dry up, it could affect the company's ability to re-finance its debt. To alleviate some of the risk, the company is moving more of its debt to long-term financing. In 2019, the company issued a EUR 20m Green bond with maturity date in December 2024.

Demand

A prolonged economic downturn could affect the prices and hence demand for organic food products, which most likely would affect the company's result.

EU subsidies

The Group receives significant income from EU subsidies and if these were to be lowered or taken away, the result of the group would be negatively affected. Given the recently announced EU Fork to Farm Strategy, the subsidy risk has decreased in our view.

Income Statement	2018	2019	2020E	2021E	2022E
Net sales	55	71	85	99	113
Total operating costs	-51	-54	-60	-70	-79
EBITDA	4	17	25	29	34
Depreciation	-7	-16	-16	-12	-12
Amortizations (total)	0	0	0	-5	-5
Impairment charges	0	0	0	0	0
EBIT	-4	1	9	13	17
Associated companies' profit/loss	0	0	0	0	0
Net financial items	-2	-5	-6	-5	-5
Exchange rate differences	0	0	0	0	0
Pre-tax profit (PTP)	-6	-4	4	7	12
Net earnings	-6	-3	3	6	10

Balance Sheet	2018	2019	2020E	2021E	2022E
Assets					
Cash and cash equivalent	2	4	4	5	6
Receivables	15	13	16	20	24
Inventories	29	29	34	42	51
Other current assets	14	16	16	16	16
Current assets	60	62	71	83	96
Tangible assets	93	92	85	82	78
Associated companies	0	0	0	0	0
Investments	7	15	9	9	9
Goodwill	0	0	0	0	0
O intangible rights	2	0	0	0	0
O non-current assets	15	15	15	15	15
Total non-current assets	111	144	146	147	147
Deferred tax assets	1	1	1	1	1
Total (assets)	172	207	218	231	244
Liabilities					
Short-term debt	34	37	31	29	23
Non-ib current liabilities	15	13	17	25	34
O current liabilities	5	5	5	5	5
Current liabilities	54	55	53	58	62
Long-term debt	14	21	21	19	15
O long-term liabilities	4	5	5	5	5
Convertibles	0	0	0	0	0
Total Liabilities	72	81	79	82	82
Deferred tax liabilities	0	0	0	0	0
Provisions	0	0	0	0	0
Shareholders' equity	91	90	93	99	109
Minority interest (BS)	0	0	0	0	0
Minority and equity	92	90	93	99	109
Total (liabilities)	172	207	218	231	244

DCF valuation		Cash flow, mEUR	
WACC (%)	7.81 %	NPV FCF (2020-2022)	39.03
		NPV FCF (2023-2029)	88.54
		NPV FCF (2030-)	119.96
		Non-operating assets	3.38
		Interest-bearing debt	-93.99
		Fair value estimate	156.92
Assumptions 2020-2026 (%)			
Average sales growth	8.34 %	Fair value e. per share (EUR)	0.69
EBIT margin	13.69 %	Share price (EUR)	0.39

Free Cash Flow	2018	2019	2020E	2021E	2022E
Net sales	55	71	85	99	113
Total operating costs	-51	-54	-60	-70	-79
Depreciations total	-7	-16	-16	-16	-17
EBIT	-4	1	9	13	17
Taxes on EBIT	0	0	-1	-2	-2
NOPLAT	-4	1	8	11	14
Depreciation (neg.)	7	16	16	16	17
Gross cash flow	4	17	24	27	31
Change in wc	-27	-2	-4	-4	-4
Gross capex (neg.)	-19	-13	-9	-9	-9
Free cash flow	-49	2	11	15	19

Capital structure	2018	2019	2020E	2021E	2022E
Equity ratio	53.4%	43.6%	42.7%	43.1%	44.9%
Debt / Equity ratio	61.2%	104.8%	106.4%	98.1%	83.8%
Capital invested	137.4	144.2	141.4	141.9	142.4
Capital turnover rate	0.3	0.3	0.4	0.4	0.5

Profitability	2018	2019	2020E	2021E	2022E
ROE %	-6.9%	-3.6%	3.4%	6.5%	9.6%
ROCE%	-3.3%	0.6%	5.0%	6.6%	8.4%
ROC%	-3.6%	0.6%	5.6%	7.7%	10.0%
EBITDA %	6.6%	24.1%	29.7%	29.5%	30.0%
EBIT %	-7.1%	1.4%	11.0%	12.9%	14.7%
Net Margin	-10.7%	-4.5%	3.6%	6.3%	8.8%

Valuation	2018	2019	2020E	2021E	2022E
EV	144.9	174.3	183.5	181.2	174.7
P/E	-12.7	-25.9	28.7	14.3	8.9
P/E diluted	-12.7	-25.9	28.7	14.3	8.9
P/Sales	1.7	1.2	1.0	0.9	0.8
EV/Sales	2.6	2.5	2.2	1.8	1.5
EV/EBITDA	40.0	10.2	7.2	6.2	5.2
EV/EBIT	-37.5	172.7	19.7	14.2	10.5
P/BV	1.0	0.9	1.0	0.9	0.8

Per share measures	2018	2019	2020E	2021E	2022E
EPS, unadjusted	-0.03	-0.01	0.01	0.03	0.04
EPS	-0.03	-0.01	0.01	0.03	0.04
CEPS	0.00	0.06	0.08	0.10	0.12
Operating CF/share	-0.11	0.07	0.09	0.10	0.12
Capital empl./share	0.60	0.63	0.62	0.62	0.63
BV/share	0.40	0.39	0.41	0.44	0.48
Tangible BV/share	0.40	0.39	0.41	0.44	0.48
Div. per share	0.00	0.00	0.00	0.00	0.00
Payout	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

Shareholders	Capital	Votes
UAB Baltic Champs Group	48.816	55.04 %
European Bank for Reconstruction and Development	7.725	8.71 %
UAB ME Investicija	7.424	8.37 %
Žilvinas Marcinkevičius	6.208	7.00 %

Key people	
CEO	Kestutis Juscus
CFO	Mindaugas Ambrasas
IR	Mindaugas Ambrasas
Chairman	Dalius Misiunas

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes – income taxes + minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity + taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + Net debt + Minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest-bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortization}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	EAFI/Share	$\frac{\text{Pre-tax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets – non-interest-bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes – income taxes + minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets – interest-bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit + financial income + extraordinary items}}{\text{Balance sheet total – interest-free short-term debt – long-term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity + minority interest + taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items + interest expenses + other financial costs}}{\text{Balance sheet total – non-interest-bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity + minority interest + taxed provisions}}{\text{Total assets – interest-free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items – income taxes}}{\text{Shareholders' equity + minority interest + taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth rate per year

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Enlight Research OÜ's main valuation methods are discounted cash flow valuation and peer valuation with common multiples such as Price to Earnings, Enterprise Value to EBITDA, dividend yield etc. Aforementioned methods are used to estimate a company's fair value according to the following three scenarios: Bull (positive), Base (main scenario), and Bear (negative).

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